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HOUSE OF REPRESENTATIVES

REPORT
99-731

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT-INDEPENDENT AGENCIES APPROPRIATIONS BILL, 1987

JULY 31, 1986.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. BOLAND, from the Committee on Appropriations, submitted the following

REPORT

[To accompany H.R. 5313]

The Committee on Appropriations submits the following report in explanation of the accompanying bill making appropriations for the Department of Housing and Urban Development, and for sundry independent agencies, boards, commissions, corporations, and offices for the fiscal year ending September 30, 1987, and for other purposes.

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Summary of the Bill

The Committee recommends $54,006,168,700 in new budget (obligational) authority for the Department of Housing and Urban Development and 17 independent agencies and offices. This is $10,819,285,700 above the budget estimates considered and $4,141,215,284 below the 1986 appropriations level.

The following table summarizes the amounts recommended in the bill in comparison with appropriations for fiscal year 1986, adjusted by sequestration resulting from the Balanced Budget and Emergency Deficit Control Act of 1985 (Gramm-Rudman), and budget estimates for fiscal year 1987.

SUMMARY OF ESTIMATES AND NEW BUDGET (OBLIGATIONAL) AUTHORITY IN BILL

Department or agency	Appropriations, 1986 [1]	Budget estimates, 1987	Recommended in bill	Bill compared with— Appropriations, 1986	Bill compared with— Budget estimates, 1987
(1)	(2)	(3)	(4)	(5)	(6)
American Battle Monuments Commission	$11,920,506	$11,673,000	$11,673,000	−$247,506	
Cemeterial Expenses, Army	13,987,442	15,783,000	6,701,000	−7,286,442	−$9,082,000
Consumer Information Center	1,182,261	1,272,000	1,272,000	+89,739	
Consumer Product Safety Commission	34,452,000	33,000,000	34,452,000		+1,452,000
Council on Environmental Quality	670,000	820,000	670,000		−150,000
Department of Housing and Urban Development	12,905,450,747	3,356,056,000	13,271,483,300	+366,032,553	+9,915,427,300
Environmental Protection Agency	4,661,597,000	4,226,466,000	4,697,397,000	+35,800,000	+470,931,000
Federal Emergency Management Agency	824,881,628	469,250,000	614,250,000	−210,631,628	+145,000,000
Federal Home Loan Bank Board [2]	(30,528,000)	(33,659,000)	(29,159,000)	(−1,369,000)	(−4,500,000)
National Aeronautics and Space Administration	7,764,240,000	7,694,400,000	7,650,000,000	−114,240,000	−44,400,000
National Credit Union Administration [3]	(593,400,000)	(600,000,000)	(600,000,000)	(+6,600,000)	
National Science Foundation	1,458,329,000	1,685,700,000	1,550,000,000	+91,671,000	−135,700,000
Neighborhood Reinvestment Corporation	17,669,000	15,285,000	18,669,000	+1,000,000	+3,384,000
Office of Consumer Affairs	1,903,000	400,000	1,000,000	−903,000	+600,000
Office of Revenue Sharing	4,192,382,200	5,560,000	5,560,000	−4,186,822,200	
Office of Science and Technology Policy	2,217,227	1,671,000	1,671,000	−546,227	
Selective Service System	26,128,420	27,474,000	26,128,400	−20	−1,345,600
Veterans Administration	26,230,373,553	25,642,073,000	26,115,242,000	−115,131,553	+473,169,000
Total	58,147,383,984	43,186,883,000	54,006,168,700	−4,141,215,284	+10,819,285,700

[1] Appropriations in 1986, adjusted by Gramm-Rudman sequestration.
[2] Limitation on corporate funds; administrative expenses.
[3] Limitation on direct loans.

Federal Credit Control Program

Since 1981, budgets have proposed a system subjecting Federal credit programs to annual review and authorizations through appropriation language on direct loan obligations and/or commitments to guarantee loans. The recently enacted Balanced Budget and Emergency Deficit Control Act requires that credit programs be subject to a system of controls. This system of credit control permits both the Administration and the Congress to improve understanding of credit programs and determine appropriate levels of

credit activity. The Committee endorses this system of credit control.

Credit control language for the following accounts has been included in the bill at the dollar limitations noted below, where applicable. Credit control limitations for other accounts are addressed under specific appropriation headings.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Nonprofit Sponsor Assistance ($1,000,000).

VETERANS ADMINISTRATION

Loan Guaranty Revolving Fund.

In several instances, the bill does not contain requested credit control language. This action, however, should not be interpreted as a lessening of support for the credit control system or a denial of loan or guarantee authority for those accounts. The paragraphs not included in the bill contain language proposing "such sums as may be necessary." The Committee agrees with the Administration that in these instances no limitation should apply and has not included such language because it is unnecessary.

Finally, the Committee will reconsider any limitation that, potentially, may be programmatically restrictive.

TITLE I

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Housing Programs

ANNUAL CONTRIBUTIONS FOR ASSISTED HOUSING

1986 appropriation	$9,537,086,647
Estimate, 1987	
Recommended in bill	8,095,000,000
Increase above estimate	+8,095,000,000

The Administration's fiscal year 1987 budget proposes 50,000 incremental housing voucher units in addition to a total of 12,500 non-incremental units. The latter includes 9,000 loan management and property disposition units and 3,500 Section 8 voucher "opt-outs" and public housing demolitions. The proposal assumes that the entire 62,500 units will be funded from carryover funds generated by the proposed $2,300,805,360 deferral of 1986 funds previously appropriated.

The Congress has rejected the $2,300,805,360 deferral and notes that all funds appropriated for subsidized housing in 1986 will now be used for that purpose. Again, the Committee wishes to point out that while it is cognizant of the serious budget deficit problems, it is not fair or equitable to reduce substantially assisted housing efforts while other activities throughout the Government are maintained at or near the current appropriation.

In that connection, the Committee again suggests that subsidized housing programs have already undergone a dramatic contraction of available funds during the past five years. For example, as recently as fiscal year 1981, a total of $24,950,663,000 was provided

for assisted housing. The comparable 1986 appropriation was only $9,965,608,000. That amount was subsequently reduced to $9,537,087,000 through the application of Gramm-Rudman sequestration. This dramatic decline is accentuated by the fact that a 1986 housing dollar buys approximately 15 percent less than a 1981 dollar.

Because of the serious deficit problem facing this country, the Committee has recommended a funding level for assisted housing programs in fiscal year 1987 of $8.1 billion—the assumption carried in the budget resolution for assisted housing. On a comparable basis, reflecting capital grant funding for public housing modernization, this is about $50,000,000 less than the current rate of $9,537,086,647.

Within that total, the Committee has attempted to structure a subsidized housing program that is designed to meet some of the concerns expressed by the Secretary of Housing and Urban Development and to satisfy the Committee's primary objective of providing housing for the Nation's poor. To accomplish that goal, the Committee is recommending a "balanced" subsidized housing program in fiscal year 1987. That balance is derived from an increased emphasis on Section 8 housing voucher units, on the one hand, and a new construction program that will help meet the requirements of poor families in areas experiencing very low vacancy rates.

As a part of this balance it was hoped that a small increment of new public housing units could be provided. However, action recently taken during consideration of the 1986 Housing Bill seriously impacted the Committee's ability to provide for any new public housing. Specifically, an amendment was adopted which requires local public housing authorities (PHAs) to meet a three-point test before the authority can use new construction funds for public housing. One of the tests requires the housing authority to certify that at least 90 percent of all units owned by the authority meet housing quality standards set by the Department of Housing and Urban Development. Because of the number of units in abandoned high-rise buildings—which most housing experts recognize are no longer viable for large low-income families—many large PHAs cannot meet the 90 percent requirement and would be unable to use the dollars for new construction.

In view of this, the Committee had to consider the reality of the political situation now faced in advocating public housing construction. If additional dollars were provided for new public housing units, it is probable that many of those dollars would be accessible only to smaller public housing authorities. Therefore, the Committee is not recommending any additional funding for new public housing construction at this time. If, however, the amendment carried in the housing bill which recently passed the House is ultimately discarded or amended, the Committee will reconsider the funding of new public housing units for 1987. The Committee has, however, reallocated the major part of the dollars that would have been provided for new public housing construction to public housing modernization.

With that as background, the Committee is making the following recommendations concerning fiscal year 1987 funding for the various assisted housing activities:

—A total of $366,120,000 and 2,000 units of Indian housing. The Committee recognizes that there is a significant need for additional Indian housing units. However, given the level of unobligated funds previously made available and which remain in the pipeline, the recommendation is consistent with current budget constraints.

—A total of $1,436,940,000 for public housing modernization. The Committee is providing a significant increase for public housing modernization in fiscal year 1987. The funding is provided on the basis of direct capital costs, as proposed by the Department and as is currently authorized. Four years ago the House and Senate Appropriations Committees jointly agreed to fund a $4,000,000 study to assess the need for major public housing modernization. It is expected that the study will recommend substantial increases in public housing modernization funding. It is anticipated that the study will be released in the autumn of 1986. While the results of the study are not known in detail, early indications suggest that a minimum of $8,000,000,000 to $10,000,000,000 will be necessary over a number of years to revitalize public housing.

The above recommendation is also consistent with the views of those Members of the House who feel that it is important to modernize the existing public housing stock before adding new incremental units. Although the Committee believes that *both* goals are important, it does recognize the reality of the situation and is therefore including substantial additional monies for public housing modernization—which it believes are essential.

—A total of $1,222,475,000 and 53,500 housing voucher units. Within that total, 50,000 voucher units are made available as incremental units. Of that 50,000 units, it is anticipated that approximately 35,000 will be used in conjunction with the rental rehabilitation grant program described below. In addition, 1,000 voucher units are made available for Section 8 "opt-outs" and 2,500 units are made available for public housing demolitions.

—A total of $1,822,786,540 and 12,000 Section 8/Section 202 housing for the elderly and handicapped units. This is the same level as provided in fiscal year 1986 before sequestration. It is also 12,000 units above the budget request.

—A total of $790,950,000 to provide for 10,000 Section 8 existing units. The Committee has reduced the number of Section 8 existing units and increased the number of housing voucher units in an effort to determine if the Department's assertion is true that it is difficult to "market" housing voucher units when a substantial number of Section 8 existing units are available. The Committee continues to believe that the 15-year contract term for Section 8 existing units is more realistic than the five-year contract term of Section 8 voucher units. Fundamentally, the only real difference in the cost of Section 8 vouchers versus Section 8 existing units is the difference between the contract length of five years as compared to 15 years. However, the Committee is prepared to afford the Department an opportuni-

ty to demonstrate that with very few Section 8 existing units available—voucher units can and will be marketed effectively.

—A total of $716,287,500 for 7,500 Section 8 moderate rehabilitation units. The Committee continues to believe that the Section 8 moderate rehabilitation program serves a higher percentage of low-income families than does the regular Section 8 program. This is particularly the case in those areas where there is a scarcity of three- or four-bedroom units available for low-income families. The Committee hopes that the inclusion of 7,500 Section 8 moderate rehabilitation units will enhance the prospects of housing low-income families.

—A total of $225,000,000 for approximately 10,000 rental development (HODAG) units. The Committee is recommending that these funds be allocated on a "targeted" basis. When this program was first authorized in 1983, it was made available under the concept of targeting the monies to those areas with the lowest vacancy rates.

In the first years of the operation of the program, the goal of targeting the funds was not fully realized. However, with a greater emphasis being placed on Section 8 vouchers, clearly some additional low-income family units should be placed under construction in areas experiencing low vacancy rates. The Committee believes that if funds are insufficiently targeted so that virtually any city in the Nation can participate, the limited resources for providing new construction where it is truly needed will be dissipated.

To meet this problem, the Committee is recommending a specific vacancy rate and vacancy duration rate as limiting program factors. Under current law, vacancy rates and the duration of such rates are two of several factors that can be considered in assessing the eligibility of all HODAG applicant localities. However, the current eligibility system, with all factors considered and with a high vacancy cut-off point, allows cities with vacancy rates as high as 13 percent to receive HODAG grants. Vacancy rates as high as 13 percent simply do not provide for a viable program.

In view of that, the bill language recommended by the Committee provides that a locality with an eight percent or more vacancy rate and a four percent or more vacancy duration rate (percent of rental units which are vacant more than two months) cannot generally qualify for eligibility. The Committee wants to make clear that for purposes of meeting the thresholds, a locality may be demonstrated to be eligible based on the last decennial census for which data are available, or *more recent data,* such as from the American Housing Survey, at the Secretary's discretion. Also, the Committee has included language which provides the Secretary with authority to grant waivers for special situations (including pockets of low vacancy areas within larger jurisdictions) as now authorized under current law.

—A total of $250,000,000 for approximately 35,000 rental rehabilitation units. Each of these units would be available for families for use in conjunction with the housing voucher assistance program. The Committee expects that an appropriate level of

housing vouchers be made available in conjunction with the funds provided for this activity.

Under the rental rehabilitation program the Committee has added bill language which is designed to correct a specialized problem. Several States have attempted to use a State program in conjunction with the rental rehabilitation program to renovate substandard housing for low-income tenants. Some of these State programs condition assistance on a commitment by landlords to maintain affordable rents. Even though these affordability conditions are voluntarily agreed to by owners in exchange for State assistance, these provisions may conflict with anti-rent control language in the rental rehabilitation statute. As a result the structures assisted by the State program become ineligible for the rental rehabilitation program. The Committee feels that the rent control prohibition in the statute is not meant to apply in these cases.

In total, then, the Committee is recommending 81,500 incremental units in fiscal year 1987. This represents a reduction of approximately 13,000 units below the level provided in 1986 after sequestration.

The following table outlines in detail the Committee's recommendations.

ANNUAL CONTRIBUTIONS FOR ASSISTED HOUSING, FISCAL YEAR 1987 APPROPRIATIONS

	Units	Cost	Contract authority	Term	Budget authority
Recaptures	NA	NA	$14,400,400	NA	$264,362,000
Rescission of recaptures	NA	NA	(14,400,400)	NA	(264,362,000)
New authority	NA	NA	638,280,885	NA	8,095,000,000
Total available	NA		638,280,885		8,095,000,000
Public housing:					
Indian housing	2,000	6,780	13,560,000	27	366,120,000
Amendments	NA	NA	4,986,207	29	144,600,000
Lease adjustments	NA	NA	16,300,000	1	16,300,000
Modernization	NA	NA	NA	NA	1,436,940,000
Subtotal, public housing	2,000		34,846,207		1,963,960,000
Section 8:					
Section 202:					
Section 202	12,000	6,678	80,139,327	20	1,602,786,540
Section 202 amendments	NA	NA	11,000,000	20	220,000,000
Subtotal, section 202	12,000		91,139,327		1,822,786,540
Housing vouchers:					
Free-standing and rental rehab	50,000	4,100	205,000,000	5	1,025,000,000
Section 8 opt outs	1,000	4,100	4,100,000	5	20,500,000
Public housing demolitions	2,500	4,100	10,250,000	5	51,250,000
Voucher PHA fees	NA	470	25,145,000	5	125,725,000
Subtotal, vouchers	53,500		244,495,000		1,222,475,000
Existing/mod rehab:					
Existing	10,000	5,273	52,730,000	15	790,950,000
Moderate rehab	7,500	6,367	47,752,500	15	716,287,500
Subtotal	17,500		100,482,500		1,507,237,500
Existing project-based:					
Loan management	10,000	3,751	37,510,000	5	187,550,000

ANNUAL CONTRIBUTIONS FOR ASSISTED HOUSING, FISCAL YEAR 1987 APPROPRIATIONS—Continued

	Units	Cost	Contract authority	Term	Budget authority
Property disposition	3,000	5,039	15,117,000	15	226,755,000
Subtotal	13,000	.....	52,627,000	.....	414,305,000
Amendments:					
New/Sub. rehab	NA	NA	500,000	20	10,000,000
Existing housing	NA	NA	70,000,000	5	350,000,000
Loan management	NA	NA	39,890,851	7	279,235,960
Moderate rehab	NA	NA	3,000,000	10	30,000,000
Property disposition	NA	NA	1,300,000	15	20,000,000
Subtotal, amendments	NA	NA	114,690,851	.....	689,235,960
Subtotal, Section 8	96,000	NA	603,434,678	.....	5,656,040,000
Total, public housing and Section 8	98,000	NA	638,280,885	.....	7,620,000,000
Section 17 development [revised]	NA	NA	NA	.....	225,000,000
Section 17 rehabilitation	NA	NA	NA	.....	250,000,000
Total	NA	NA	638,280,885	.....	8,095,000,000

RENT SUPPLEMENT

(RESCISSION)

Section 101 of the Housing and Urban Development Act of 1965 authorizes rent supplements on behalf of needy tenants living in privately owned, privately operated, and privately financed housing. Eligible tenants must pay 30 percent of the rent or 25–30 percent of their income, whichever is greater. The difference between the tenant payment and the economic rent is made up by a rent supplement payment made directly to the project owner.

The budget assumes that the conversion of rent supplement units to Section 8 assistance will be completed by the end of fiscal year 1986. This will provide a long-term solution to the problem of inadequate funding available for contract amendments to projects with rent supplement units. The budget also assumes that State-aided, noninsured projects will remain under the rent supplement program and will continue to receive assistance as authorized by the 1983 Supplemental Appropriations Act.

The budget proposes a rescission of $2,900,000 in annual contract authority in 1987. This is a technical rescission of one-year authority which is estimated to be obligated and disbursed for rent rebates in 1986 with the contract authority only subsequently becoming available for rescission in 1987. The Committee recommends the proposed rescission of up to $2,900,000 in annual contract authority in 1987.

RENTAL HOUSING ASSISTANCE

(RESCISSION)

The rental assistance payments (RAP) program, authorized by the Housing and Community Development Act of 1974, is designed to aid very low-income families in section 236 projects by permit-

ting HUD to provide additional subsidies equal to the difference between the basic rent and 25–30 percent of income. Starting in 1982, the tenant rent contribution for program participants is increased by one percent per year until a level of 30 percent is reached.

The budget assumes that the conversion of RAP-assisted units in insured projects to Section 8 assistance will be completed by the end of fiscal year 1986. Projects containing approximately 4,000 units are expected to convert during 1986. Owners of insured RAP-assisted projects who decline the offer to convert to Section 8 assistance will continue to be assisted at currently funded contract levels. However, their contracts will not be amended for increased operating costs. State-aided projects will continue to receive assistance as authorized by the 1983 Supplemental Appropriations Act.

The Department estimates the number of units eligible for payment to decline by 1,000 units between 1986 and 1987 due to mortgage insurance terminations. Projects lose their eligibility for payment when HUD acquires them. The budget assumes that up to $2,000,000 in annual contract authority, representing $54,000,000 in budget authority, will be deobligated during 1987 as a result of insurance terminations. This authority, together with the $1,500,000 recaptured authority used in 1986 to pay tenant rebates, is proposed for rescission. The Committee recommends the proposed rescission of up to $3,500,000 in annual contract authority and $54,000,000 in budget authority in 1987.

HOUSING FOR THE ELDERLY OR HANDICAPPED FUND

(LIMITATION ON DIRECT LOANS)

1986 appropriation	$603,899,000
Estimate, 1987	30,262,000
Recommended in bill	592,661,000
Increase above estimate	+562,399,000

The section 202 housing for the elderly or handicapped program provides that the total amount of loans authorized for any fiscal year will not exceed the limits on such lending authority established in appropriations Acts. A limitation of $592,661,000 is recommended to finance the housing for the elderly or handicapped program in 1987. This is $562,399,000 above the budget request and should provide for approximately 12,000 housing units. The budget authority required to support this program level is $507,689,000.

The Committee also recommends continuation of language limiting the program to qualified nonprofit sponsors, providing long-term permanent financing at a rate not to exceed 9.25 percent, and requiring that section 202 loan authority be "on budget" in fiscal year 1987.

CONGREGATE SERVICES

1986 appropriation	$2,555,300
Estimate, 1987	
Recommended in bill	3,400,000
Increase above estimate	+3,400,000

The congregate housing services program was authorized by the Housing and Community Development Amendments of 1978 to pro-

vide three- to five-year contracts to fund services for eligible residents of public housing and section 202 housing for the elderly or handicapped projects. The program is designed to promote and encourage elderly handicapped, non-elderly handicapped, or temporarily disabled individuals to maintain maximum independence in a home environment. In turn, this program should aid in avoiding costly and premature or unnecessary institutionalization of individuals and eventually reduce Government outlays for institutional care.

The Administration has not requested additional funding for the congregate services program in 1987. To date $30,699,300 has been appropriated. This funding supports approximately 2,100 residents in 62 projects. Some of these grants will expire in 1987. The Department estimates that $3,400,000 would be required to extend all grants for the 62 existing projects until April 1988. To continue the existing services, the Committee has included $3,400,000 in the bill.

PAYMENTS FOR OPERATION OF LOW-INCOME HOUSING PROJECTS

1986 appropriation	$1,158,544,000
Estimate, 1987	1,171,543,000
Recommended in bill	1,300,000,000
Increase above estimate	+128,457,000

Public housing operating subsidies are provided to public housing authorities to assist in financing the operation of public housing projects. Operating subsidies are required to maintain operating and maintenance services and to provide for minimum project reserves.

The Committee recommends $1,300,000,000 for the payment of operating subsidies in fiscal year 1987. This is an increase of $128,457,000 above the budget request. In addition to these funds, it is estimated that approximately $61,300,000 will be available as carryover from fiscal year 1986. Also, approximately $70,000,000 derived from energy savings will become available in fiscal year 1987. When these monies and the estimated carryover are taken together with the 1987 recommendation, the total should be more than sufficient to meet actual performance funding system (PFS) requirements. Any funds available in 1987 over and above PFS requirements shall be made available to PHAs for increased liability insurance expenditures not reflected in the base PFS formula. While the Committee accepts as reasonable the assumed savings derived from an increase in rental income and utility cost savings, it rejects the proposal of freezing increased costs of non-utility expenses as being unrealistic. The increase noted above should offset these assumed non-utility expense savings.

The Committee is aware of the continuing consideration by HUD of a matter involving the Bay City, Michigan Housing Commission cited in the 1986 report. The Committee is hopeful that resolution of this matter, which involves no malfeasance or personal gain by any involved, can be resolved to all parties' mutual satisfaction, without the charging of interest.

HOUSING COUNSELING ASSISTANCE

1986 appropriation	$3,312,500

Estimate, 1987	
Recommended in bill	4,000,000
Increase above estimate	+4,000,000

The Committee recommends an appropriation of $4,000,000 for housing counseling assistance in 1987. This is an increase of $4,000,000 above the budget request and $687,500 above the 1986 level. The Committee continues to believe that dollars invested in housing counseling are returned far in excess of the funds provided. The Department has frequently testified that for every dollar invested in this program, six dollars are saved in preventing defaults and foreclosed mortgages.

These funds will enable the Department to support approximately 237 HUD-approved agencies providing assistance to at least 40,000 clients. All of the funds are provided for comprehensive housing counseling services, including default, prepurchase and renter counseling.

The Committee notes the particular success of the Home Ownership Protective Effort (HOPE) program originating in McKeesport, Pennsylvania, operated by Housing Services Inc. By assisting homeowners who are in danger of losing their homes to foreclosure, it is estimated that over $1,000,000 of Federal Housing Administration funds are saved for every 250 cases served in the HOPE program.

TROUBLED PROJECTS OPERATING SUBSIDIES

The troubled projects operating subsidy program was initially authorized by the Housing and Community Development Amendments of 1978. The program provides operating subsidies for "financially-troubled" subsidized multifamily projects where it can be demonstrated that projects are well managed or where improvements will be made. The purposes of the program are to: (1) ensure the financial stability of existing rental housing projects and thus protect tenants from higher rents caused by escalating operating costs; (2) preserve and improve existing projects while recognizing the impact on the neighborhoods where such projects are located; (3) ensure that HUD-owned projects when sold will continue to serve the income groups that they originally were intended to house; and (4) prevent potential losses to the insurance funds resulting from project insolvency. The amount of subsidy varies in relation to project income and financial need. The subsidies fund up to the difference between HUD-approved rents (covering both debt service and operating expenses for a particular project) and that portion of income which tenants reasonably can be expected to pay for housing. Projects eligible for assistance under this program include those which have mortgages insured or held by HUD and are subsidized under section 236, section 221(d)(3) below-market interest rate or the rent supplement programs. Also eligible for assistance are those projects converting to the Section 8 program from the section 236 rental assistance payments or rent supplement programs. The enabling legislation also provides for the eligibility of non-insured projects that were developed by State agencies and were receiving financial assistance from HUD under one of the above subsidy programs after October 1, 1979. The Housing and

Urban-Rural Recovery Act of 1983 requires that assistance be provided to eligible projects without regard to whether they are financed by insured or non-insured mortgages.

The budget does not propose an appropriation for this program in 1987. However, language is requested to make available funds from unobligated balances of excess rental charges and collections. The Department estimates a carryover balance of $46,542,000, together with an estimated $50,000,000 in collections from the rental housing assistance fund, will provide funding resources of $96,542,000. However, it is estimated that $53,800,000 will be used to provide assistance to approximately 152 projects in 1987. Unused funds at the end of 1987 will be carried into 1988. In addition, language making non-insured State projects eligible for subsidy was requested in the budget. The bill includes the requested language.

FEDERAL HOUSING ADMINISTRATION FUND

1986 appropriation	$239,762,000
Estimate, 1987	272,955,000
Recommended in bill	272,955,000

The Committee recommends the budget estimate of $272,955,000 to fund actual unrestored losses to the Federal Housing Administration Fund. These losses were incurred in 1985 from the liquidation of assigned mortgages and the sale of HUD-owned properties. The appropriation includes $102,040,000 for the Special Risk Insurance Fund and $170,915,000 for the General Insurance Fund. Through fiscal year 1985, $4,222,213,000 has been appropriated to cover losses in these two funds.

The budget proposes credit control language to limit commitments for FHA mortgage insurance to $50,900,000,000 in 1987. That proposal was formulated last year and does not reflect the latest estimate of home mortgage credit demand. The Department estimates that a $97,000,000,000 limitation would be required in 1987 assuming current interest rates and program regulations. The Committee believes that restricting the Federal Housing Administration's mortgage insurance programs would have an adverse impact on the economy. However, under the Concurrent Resolution on the Budget for Fiscal Year 1987, $80,000,000,000 is the maximum amount of FHA loan insurance commitment authority that can be provided without violating the Committee's section 302 credit allocation. Accordingly, the bill includes a 1987 FHA mortgage and loan insurance commitment limitation of $80,000,000,000.

The budget also requests language limiting temporary mortgage assistance payments to $73,800,000 in fiscal year 1987. The bill includes the requested limitation.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION

PAYMENT OF PARTICIPATION SALES INSUFFICIENCIES

1986 appropriation	
Estimate, 1987	$1,079,000
Recommended in bill	1,079,000

The budget request of $1,079,000 is recommended to cover insufficiencies that arise from participation sales of mortgages authorized

in 1968. The appropriation covers the excess interest payments to holders of participation certificates above the interest payments received from mortgages pooled by the Government and represents a contractual obligation made when the sales were consummated.

GUARANTEES OF MORTGAGE-BACKED SECURITIES

The budget proposes language to limit loan guarantee commitments for mortgage-backed securities of the Government National Mortgage Association to $68,250,000,000 in 1987. That proposal was formulated last year and does not reflect the current housing market demand. The estimate is that a $132,500,000,000 limitation would be required in 1987 assuming current interest rates and program regulations. The Committee believes that restricting this secondary market mechanism would have an adverse effect on the economy. Accordingly, the bill includes a 1987 limitation on new commitments for mortgage-backed securities of $132,500,000,000.

Solar Energy and Energy Conservation Bank

ASSISTANCE FOR SOLAR AND CONSERVATION INPROVEMENTS

In the conference agreement on the 1986 HUD—Independent Agencies Appropriations Act, the House receded to the Senate position terminating funding for the Solar Bank. There was no request in the President's 1987 budget for solar and conservation improvements, and, in view of overall budget constraints, no additional funds have been included in this bill for 1987.

However, the Committee has recommended bill language to ensure that funds appropriated in 1985 shall remain available one additional year and that all recaptured funds shall be reallocated in 1987. While these fiscal year 1985 funds were originally provided to remain available for two years, HUD's delays in allocating the funds resulted in the States having only one year to make obligations for solar and conservation projects. The Department estimates that slightly less than $1,000,000 of fiscal year 1985 funds will be subject to recapture.

If no additional funds are appropriated for the Solar Bank in 1987 or 1988, the Committee anticipates rescinding all unobligated balances and recaptured funds in the fiscal year 1988 appropriations bill. In the meantime, however, HUD is expected to administer the program in good faith and reallocate all prior year recaptured funds as expeditiously as possible.

Community Planning and Development

COMMUNITY DEVELOPMENT GRANTS

1986 appropriation	$2,990,434,000
Estimate, 1987	2,124,800,000
Recommended in bill	3,000,000,000
Increase above estimate	+875,200,000

Title I of the Housing and Community Development Act of 1974, as amended, authorizes the Secretary to make grants to units of general local governments and States for local community development programs. The primary objective of the block grant program

is to develop viable urban communities providing decent housing and a suitable living environment and to expand economic opportunity, principally for persons of low and moderate income.

The President's 1987 budget request for CDBG was $2,124,800,000. This request assumed the proposed deferral of $500,000,000 in 1986 funds, for a total program level of $2,624,800,000 in 1987. However, the 1986 Urgent Supplemental Appropriations Act (Public Law 99-349) overturned the proposed CDBG deferral, as well as the other deferrals proposed for HUD programs.

The Committee recommends $3,000,000,000 for CDBG in 1987. This is $875,200,000 above the request and a modest increase of $9,566,000 above the 1986 current level. The Committee notes that the $3,000,000,000 recommended for CDBG in 1987 is a reduction of almost 14 percent below the historical 1982-1985 funding levels, representing a substantial contribution on the part of this program toward deficit reduction.

Within the funds provided for CDBG, $50,000,000 is made available for the Secretary's Discretionary Fund. This is an increase of $3,000,000 above the budget request to continue the community development work study program assisting disadvantaged students.

The Committee commends the Department for continuation of its district heating/cooling program and hopes the Department will continue its support in fiscal year 1987. Interest in the program continues at a high level and grants made under the program have generated a substantial amount of private investment.

Language has also been included in the bill limiting loans under section 108 to $150,000,000. This is a decrease of $62,956,000 below the 1986 enacted loan limitation. In fiscal year 1986 the Administration delayed the release of section 108 loan guarantee authority by nine months. The Committee expects section 108 loan guarantees to be made immediately available in fiscal year 1987.

Finally, bill language has been included concerning metropolitan city designation for purposes of the community development block grant program. The Committee believes that the demographics, population, and other circumstances justify the designation of the City of East Cleveland, Ohio as a metropolitan city with entitlement status under the CDBG program.

URBAN DEVELOPMENT ACTION GRANTS

1986 appropriation	$315,810,000
Estimate, 1987	
Recommended in bill	275,000,000
Increase above estimate	+275,000,000

The urban development action grant program assists severely distressed cities and urban counties that pledge to revitalize and conserve viable residential neighborhoods or stimulate commercial and industrial development. These grants are restricted to localities that have demonstrated results in providing housing for low- and moderate-income persons and in providing equal opportunity in housing and employment.

The Committee has rejected the Administration's proposal to terminate the UDAG program and has included $275,000,000 in the

1987 bill. This is a decrease of $40,810,000 or 13 percent below the current level. The Committee recognizes the UDAG program's unique advantages in targeting economic development assistance to distressed areas with special needs. While certain UDAG projects have been criticized as unjustified or inconsistent with local development needs, the overall program has demonstrated its effectiveness as a catalyst for revitalizing depressed areas in both large and small cities by leveraging private investment.

The Committee is aware of proposals under consideration in the reauthorizing legislation to modify the UDAG program's project selection criteria. Future funding recommendations will be based on the Committee's assessment of the impact of substantive legislative changes on the objectives and operation of the UDAG program.

REHABILITATION LOAN FUND

The Administration has requested no funds for rehabilitation loans in 1987. The Administration believes that the section 312 program duplicates rehabilitation efforts funded by community development block grants and rental rehabilitation grants. Although rehabilitation activities are eligible under other programs, the Committee supports the continuation of the rehabilitation loan fund. This program provides an important source of financing for rehabilitation by homeowners and has directly supported urban homesteading activities. In fact, section 312 loans have been instrumental to the success of the urban homesteading program by providing financing to rehabilitate over two-thirds of the total units homesteaded.

An estimated $91,000,000 from repayments and other income sources is estimated to be available in 1987 for new loans and other expenses. The Committee has included language in the bill to continue the program in 1987 with repayments. The Department is directed to allocate sufficient staff to maintain this program level.

URBAN HOMESTEADING

1986 appropriation	$11,358,000
Estimate, 1987	12,000,000
Recommended in bill	12,000,000

Section 810 of the Housing and Community Development Act of 1974, as amended, authorizes the Secretary to transfer without payment to a unit of general local government, State, or public agency, any HUD-owned, unoccupied one- to four-family residence which the Secretary determines is suitable for use in an urban homesteading program. The appropriation for urban homesteading reimburses the Federal Housing Administration Fund for the current market value of HUD-owned properties transferred for use in the program, less estimated holding costs which would have been incurred had the property been marketed using standard disposition methods. Section 810 funds are also available to reimburse the Veterans Administration and the Farmers Home Administration for the value of properties used in the program.

The budget estimate of $12,000,000 is included in the bill for 1987. This will permit approximately 800 single-family properties to be conveyed to State and local governments. The majority of

these units are currently owned by HUD, with an estimated 125 Veterans Administration and 25 Farmers Home Administration properties to be included in the homesteading program in 1987. The Committee has also included the proposed bill language to permit the homesteading of rehabilitation loan units.

MODEL CITIES PROGRAM

The Committee has included bill language concerning a past model cities project in New Orleans, Louisiana, due to the special circumstances regarding project costs judged ineligible. This language forgives the City of New Orleans from repayment of such ineligible project costs to the Department of Housing and Urban Development.

POLICY DEVELOPMENT AND RESEARCH

RESEARCH AND TECHNOLOGY

1986 appropriation	$16,173,000
Estimate, 1987	18,900,000
Recommended in bill	16,173,000
Decrease below estimate	−2,727,000

Under the research and technology account, HUD conducts in-house and contract policy studies, economic analyses, research and demonstration projects, and program evaluations. The bill includes $16,173,000 for policy development and research, which is a decrease of $2,727,000 below the budget request.

Given overall budget constraints, the Committee cannot approve any increase above the current level of $16,173,000 for policy development and research. In addition, the Committee is still concerned that the Department's overall research needs are not fully reflected in the PD&R budget. Despite the Committee's request last year to return to the "formal research call" process to identify the program offices' needs, HUD continued to rely primarily on informal meetings and oral communications. The Committee remains convinced that detailed, written submissions from the program offices are essential to document and evaluate the Department's various research needs.

With respect to the public housing homeownership demonstration, the Committee is concerned, despite assurances from HUD, that residents who cannot afford the costs of purchase may be forced to move from their units. The Department is urged to take every precaution in its oversight of this demonstration to avoid any involuntary dislocations of tenants or windfall profit-taking by the purchasers of public housing units.

The Committee is also concerned over the impact of steadily rising energy costs on public housing operating subsidies and urges HUD to cooperate with the Department of Energy and support an interagency study on energy conservation in public housing.

Finally, HUD is expected to continue its special reviews of all sole source policy development and research grants and cooperative agreements exceeding $25,000.

Fair Housing and Equal Opportunity

FAIR HOUSING ASSISTANCE

1986 appropriation	$6,341,300
Estimate, 1987	5,000,000
Recommended in bill	6,341,300
Increase above estimate	+1,341,300

Title VIII of the Civil Rights Act of 1968 prohibits discrimination in the sale, rental and financing of housing and authorizes assistance to State and local agencies in administering the provisions of fair housing law. The President's 1987 budget requests $5,000,000 for fair housing assistance augmented by $7,000,000 for a new "fair housing initiatives" program proposed in legislation. The 1987 budget also proposes language under which $1,700,000 of the fair housing initiatives funding would revert to the existing fair housing assistance program if changes to the authorizing legislation are not enacted by January 1, 1987.

The Committee recommends $6,341,300 for fair housing assistance to maintain the existing program at its current level. These funds will support approximately 110 State and local fair housing agencies and 50 community housing resource boards. Over the past few years actual obligations in the fair housing program have fallen significantly short of the estimated levels, suggesting management problems. The Committee expects HUD to strengthen the operation of its fair housing base program in preparation for undertaking the expanded initiatives program.

For the time being, consideration of funding for the fair housing initiatives program has been deferred pending its authorization. However, the Committee recognizes the need for more effective tools to combat discrimination in housing and would be favorably disposed to providing funds for an expanded and strengthened fair housing initiatives program upon its enactment.

Management and Administration

SALARIES AND EXPENSES

(INCLUDING TRANSFER OF FUNDS)

		By transfer FHA funds
1986 appropriation	$321,961,000	($261,959,000)
Estimate, 1987	314,056,000	(259,783,000)
Recommended in bill	342,123,000	(306,962,000)
Increase above estimate	+28,067,000	(+47,179,000)

This appropriation finances all salaries and related costs associated with administering the programs of the Department of Housing and Urban Development. These activities include housing and mortgage credit programs; community planning and development programs; equal opportunity, research, regulatory and insurance programs; departmental management, legal and audit services; and field direction and administration.

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The 1987 salaries and expenses budget assumes staffing reductions below the 1986 level due to the elimination of, or reduction in, certain programs. The major changes include reductions in the number of assisted housing units, public housing modernization, and community development grants, and the elimination of the urban development action grants and section 312 rehabilitation loan fund programs.

The Committee is not recommending the elimination of or reduction in programs as proposed. The Department estimates that the 1987 program levels included elsewhere in the bill will require $20,667,000 above the budget request to fund 534 additional staff years. Those additional funds have been included in the bill.

The increase in the Federal Housing Administration workload is estimated to continue in fiscal year 1987. The current single-family mortgage insurance application workload is approximately 3,000,000 units per year. While the 1987 workload level is not known, it will certainly be several times the 625,500 unit level assumed in the 1987 budget. The Committee has increased the 1987 FHA transfer by $37,279,000 to support 1,135 staff years to compensate for this expanded activity.

The Committee is concerned that the Department is not devoting sufficient resources or attention to the public housing program. In addition to the thousands of public housing units in the development pipeline, it is expected the modernization program will be greatly expanded. To begin rebuilding the public housing program, the Committee has added $7,000,000 to support 200 staff years.

In addition, the budget assumes a decrease of 165 staff years in field office housing management activities below the 1986 level. This proposed staff reduction is based on decreased workloads and savings due to contracting out disposition work in 1987. The primary objective of the field office management staff is to preserve the quality and fiscal integrity of HUD-assisted subsidized and insured housing. Management activity in 1986 has increased above the 1985 level and it does not appear that such activity will decrease as projected in the 1987 budget request. In that context, the Committee does not believe that a reduction in 1987 housing management staff is prudent. Therefore, to ensure adequate staff to protect the Government's interests, $5,700,000 above the FHA transfer request has been added to the bill. This will maintain the 1986 field office housing management staffing level of 2,947 in 1987.

The Department has permitted fee appraisers to review appraisals done by other individuals on a fee basis. The Committee believes review appraisals should be performed by HUD employees. While the 1987 budget assumes that HUD staff will perform all review appraisals, the budget also assumes a much lower FHA workload level than is currently estimated. The Committee has added $4,200,000 and 120 staff years to permit HUD to hire review appraisers to handle the higher workload.

The 1987 budget requests 143 staff years for departmental management activities. The Committee recommends a ten percent decrease equal to 14 FTE in these administrative offices as a partial offset to the staffing increases noted above.

In total, the bill includes $649,085,000 for salaries and expenses in fiscal year 1987. This includes $306,962,000 from the various funds of the FHA and is an increase of $75,246,000 above the budget estimate. The recommended amount, together with $10,688,000 in transfers from other sources, will provide for a total of $659,773,000 for management of HUD. This level of funding will support 13,630 staff years, an increase of 2,140 staff years above the budget request.

The following table reflects the Committee's 1987 staffing recommendations by program:

STAFF-YEAR SUMMARY

	1986 estimate	1987 request	Recommended changes
Housing programs	5,258	4,933	+1,296
Public and Indian housing	1,157	1,103	+227
Government National Mortgage Association	52	54	+5
Solar Energy and Energy Conservation Bank	4	2	.....
Community planning and development	1,175	882	+304
Policy development and research	142	132	.....
Fair housing and equal opportunity	567	588	.....
Departmental management	142	144	−14
Office of general counsel	216	225	.....
Field legal services	258	268	.....
Office of inspector general	476	487	.....
Administration	1,324	1,372	+226
Field direction and operational support	559	528	+10
Field administration	801	772	+86
Total	12,131	11,490	+2,140

Disturbing reports are surfacing regarding the design and manufacture of prefabricated homes by Tri-State Homes, Inc., which are causing distress to thousands of families in at least five midwestern States. The Committee believes the situation warrants an immediate investigation to determine the Federal role in approving the design and manufacture of these homes and in providing low-interest loans for the purchase of these homes. The investigation should also determine what responsibility the Federal Government has for the design problems that have surfaced and what action the Federal Government should take to assist affected homeowners.

The Committee has added $1,000,000 for the Housing Assistance Council. This is the same amount as initially provided in 1986. The Council is a non-profit organization which attempts to improve housing availability and sanitation facilities in rural areas. The Committee strongly supports continued funding of the Council as it represents one of HUD's few rural-oriented efforts.

On May 2, 1986, the Secretary of Housing and Urban Development announced his intention to close five field offices, including the office in Springfield, Illinois. The Committee is concerned about the effect of closing the Springfield office on the quality of HUD services. In addition, the Committee is concerned that closing such offices could result in additional costs. Because of these concerns, the General Accounting Office was requested to conduct a study of the Department of Housing and Urban Development's decision to

close its Springfield office. Preliminary results of this study have raised questions regarding the cost estimates used by HUD in its decision to close the Springfield office. Therefore, the Committee directs the Secretary not to implement any proposal or determination to close the Springfield office until at least 30 days after the completion of the General Accounting Office study requested on May 7, 1986.

ADMINISTRATIVE PROVISION

Many concerns have been raised as to the potential harsh impact of the regulations regarding alien eligiblity for housing assistance on current residents of HUD-assisted housing, many of whom would be made subject to eviction. Legislation revising the underlying requirements for verification of eligibility is under consideration by the Congress. The bill includes language prohibiting the implementation of HUD regulations that would restrict the eligibility of aliens for Federal housing assistance during fiscal year 1987. This language would prevent the hardship that would needlessly result from imposing the regulations without giving the Congress sufficient time to assess the full implications of HUD's proposed actions.

TITLE II

INDEPENDENT AGENCIES

American Battle Monuments Commission

SALARIES AND EXPENSES

1986 appropriation	$11,920,506
Estimate, 1987	11,673,000
Recommended in bill	11,673,000

The Commission is responsible for the administration, operation and maintenance of cemetery and war memorials to commemorate the achievements and sacrifices of the American Armed Forces in hostilities occurring since 1917. There are 24 cemetery memorials, 14 monuments, and two bronze tablets located outside the United States. In addition, four memorials are located in the United States: the East Coast Memorial in New York City; the West Coast Memorial at the Presidio in San Francisco; the Honolulu Memorial in the National Memorial Cemetery of the Pacific; and the American Expeditionary Forces Memorial in Washington, D.C.

The Committee recommends the budget estimate of $11,673,000 to administer, operate and maintain the American Battle Monuments Commission's monuments, cemeteries, and memorials throughout the land. This amount will support the Administration's request of 387 full-time equivalents for fiscal year 1987.

Consumer Product Safety Commission

SALARIES AND EXPENSES

1986 appropriation	$34,452,000
Estimate, 1987	33,000,000
Recommended in bill	34,452,000
Increase above estimate	+1,452,000

The Consumer Product Safety Commission is an independent regulatory agency established to reduce unreasonable risk of injury associated with consumer products. The administration of four Acts previously handled by three other Federal agencies was transferred to the Commission. These Acts are: the Federal Hazardous Substances Act, as amended, to include child protection and toy safety provisions; the Poison Prevention Packaging Act; the Flammable Fabrics Act; and the Federal Refrigerator Safety Act.

The primary responsibilities and overall goals of the Consumer Product Safety Commission set forth by the Consumer Product Safety Act are:

1. To protect the public against unreasonable risk of injury associated with consumer products;
2. To assist in evaluating the comparative safety of consumer products;
3. To develop uniform safety standards for consumer products and to minimize conflicting State and local regulations; and
4. To promote research and investigation into the causes and prevention of product-related deaths, illnesses and injuries.

The Committee recommends $34,452,000 to maintain 1987 funding for CPSC at the current rate. This is an increase of $1,452,000 above the budget estimate. The increases, decreases and changes included in its recommendations are outlined below.

First, based on discussions with the authorizing committee and consumer groups, the Committee has concluded that CPSC's five-member Commission structure can no longer be justified. While the five-member Commission was originally established to assure CPSC's independence and the diversity of opinion, the current management structure is not fulfilling those objectives. Instead, the Commission arrangement has worked to diffuse accountability for decisionmaking and has created near paralysis at CPSC due to constant disputes among members.

In addition, the Commission form of management imposes inherent organizational costs, due to both its top-heavy management structure and the staff time consumed by internal conflicts. These problems are not new by any means, as evidenced by the first CPSC Chairman's admonition that, "The Commission must have an odd number of members—and three is too many." The disadvantages of the Commission structure, however, have begun to clearly outweigh the advantages—particularly as CPSC's staff and budget have decreased over the past several years.

The Committee believes that CPSC's effectiveness in consumer protection would be significantly enhanced by vesting responsibility in a single head. The Committee urges the authorizing committees to give this issue priority consideration and make the necessary statutory changes. In the meantime, the Committee has included bill language limiting personnel compensation and benefits funds to cover only the three Commissioner positions expected to be filled at the beginning of the fiscal year.

The $1,452,000 net increase above the budget request is comprised of the following changes:

−$500,000 and nine FTE from the two vacant Commissioner offices, including special assistants and secretaries, and from congressional affairs. The Committee wants to make clear that these changes are not being made as a budgetary measure, but to shift resources to more productive activities.

+$500,000 and nine FTE for substantive staff in the hazard programs, with emphasis on emerging hazards, priority projects and section 15 voluntary reporting.

+$600,000 to complete the cigarette fire safety study, including $50,000 for travel expenses related to meetings of the technical review committee.

+$800,000 and three FTE for indoor air research. The Committee is emphatic in its direction that CPSC maintain an ongoing, credible program examining the role of consumer products in indoor air pollution. This research should be coordinated with the Federal interagency research effort and should include combustion appliances, control technology devices, and allergens in residential environments.

+$52,000 for various initiatives at CPSC's discretion to maintain communications, outreach and any essential presence in the downtown Washington area. The Committee has included the proposed language concerning the collocation of CPSC headquerters offices, which is estimated to save at least $350,000 per year. These additional funds are intended to assist in the transition by providing services such as an adjunct downtown office for public records, temporary hearing space, closed circuit coverage of hearings, etc.

Finally, the Committee is concerned that after devoting $2,500,000 to all-terrain vehicle (ATV) safety over a three year period, CPSC has made no apparent progress in reducing these risks. The Commission is urged to take prompt and positive action to ensure that unreasonable risks from ATV's are reduced.

Department of Defense—Civil

Cemeterial Expenses, Army

SALARIES AND EXPENSES

1986 appropriation	$13,987,442
Estimate, 1987	15,783,000
Recommended in bill	6,701,000
Decrease below estimate	−9,082,000

Cemeterial Expenses, Army provides for the administration, operation and maintenance of the Arlington National Cemetery and the Soldiers' and Airmen's Home Cemetery. Operational responsibility for these cemeteries is vested in the Secretary of the Army.

The cemeteries contained the remains of 212,004 persons as of September 1985. Estimates of future interments and inurnments are 3,940 for the current year and 4,035 for fiscal year 1987.

The Committee recommends $6,701,000 for cemeterial expenses in fiscal year 1987. Funds have been deleted without prejudice for construction of a parking facility for the permanent visitors' center at Arlington National Cemetery. While the Committee recognizes the merit of the project, it must also support the Congress' deficit reduction efforts. The Committee directs that the Department of

the Army study alternatives in which visitors are charged for parking in order to amortize the cost of such a parking facility.

In addition, it has come to the Committee's attention that underground parking at the Smithsonian Air and Space Museum has recently been closed to the public for security reasons. In view of this action, the Committee questions the wisdom of constructing a parking structure with such high tourist visibility. The Committee will consider the need for funding upon completion of the parking fee study and when budgetary and security constraints have eased.

The Committee recommends that $6,371,000 be used for operation and maintenance of the two cemeteries, which includes the support of 142 workyears and procurement of necessary operational supplies and equipment. Funds for administration are provided in the amount of $330,000. In addition, the Committee recommends accepting proposed language to establish a $1,000 limitation on official reception and representation expenses.

Environmental Protection Agency

The Environmental Protection Agency was created by Reorganization Plan No. 3 of 1970, which consolidated nine programs from five different agencies and departments. Major EPA programs include air and water quality, drinking water, hazardous waste, pesticides, radiation, toxic substances and the investigation, emergency removal and cleanup of abandoned hazardous waste (Superfund) sites. In addition, EPA administers Federal assistance for the construction grants program to build facilities to treat municipal wastewater. The Agency is responsible for conducting research and development, establishing environmental standards, monitoring pollution conditions, enforcing compliance, and providing technical assistance and grant support to States which are delegated authority for actual program implementation.

To a great extent the conventional pollution problems that prompted the national commitment to the environment in the early 1970's have been largely controlled. However, the last decade has brought a deeper understanding of environmental processes—accompanied by new statutory responsibilities—which confront EPA with more subtle, more complex, and more intractable problems. The agenda for the future includes acid rain, groundwater protection, toxics in air and water, and the safe treatment, disposal, and cleanup of hazardous wastes. The breadth of these problems, coupled with new technologies which detect lower and lower concentrations of pollutants, require EPA to develop better methods for setting regulatory priorities and targeting resources at the most critical problems.

Over the past two years the Committee has strongly supported EPA's initiatives to place greater emphasis on the role of risk assessment in environmental decision making. Currently, risk assessment activities are underway in over a dozen offices and programs throughout the Agency. However, there is no single office within EPA with clear responsibility for assuring that risk assessments are consistently conducted and the results are used to guide regulatory and policy decisions and the allocation of resources.

For example, EPA has taken an extremely aggressive regulatory approach to controlling asbestos in buildings, supported by substantial staff and funding commitments. At the same time, however, radon exposures—even at levels judged "acceptable" in homes—are estimated to present about 200 times greater health risks. This anomaly is compounded by the fact that radon has received only a fraction of the funds and staff devoted to asbestos. The Committee believes it is essential that EPA designate an office with lead responsibility for risk assessment. In addition, the Agency is requested to submit to the Committee by March 1, 1987, a plan to maximize the utility of risk assessments by developing a process to integrate the results in policy, regulatory and budget decisions.

The Committee's specific recommendations on EPA's operating programs are described in detail in the separate accounts below. Of the amounts approved in the following appropriation accounts the Agency must limit reprogrammings of funds between programs and activities to not more than $1,000,000 without prior approval of the Committee.

SALARIES AND EXPENSES

1986 appropriation	$654,756,000
Estimate, 1987	687,947,000
Recommended in bill	696,047,000
Increase above estimate	+8,100,000

The salaries and expenses appropriation supports all costs of administering EPA's programs, exclusive of the hazardous substance response trust fund and program-specific contractual agreements. This provides support for executive direction and management of all Agency programs at headquarters, the ten regional offices and all field stations, as well as all personnel and administrative costs associated with EPA's operating programs. The Committee's recommendation of $696,047,000 reflects the following changes from the budget estimate of $687,947,000:

−$6,000,000 and 100 FTE from research and development activities, to be evenly applied between headquarters and the field. The 1987 request proposes a 10 percent reduction in extramural research but only token cuts in internal R&D resources. The Committee has made this reduction to preserve the current balance of intramural and extramural R&D until the Agency develops the necessary management controls to make research activities more responsive to program office needs and to the Congress.

+$6,000,000 and 100 FTE to respond to additional statutory responsibilities for drinking water, groundwater protection, and regional program development.

+$4,500,000 and 75 FTE for additional enforcement efforts, including expanded drinking water compliance.

+$3,000,000 and 50 FTE for RCRA program management, RCRA training and other Agency priority activities at the discretion of the Administrator.

+$600,000 and 10 FTE for radon mitigation.

The Committee has not earmarked positions at headquarters for review of advanced treatment (AT) projects since the budget request includes resources for this purpose. However, the Committee

wants to make clear that the Agency should be prepared to reprogram additional staff as needed at headquarters to assure expeditious project reviews and the comprehensive evaluation of regional and State AT programs.

The Committee is aware that EPA is attempting to reduce reliance on the use of live mammalian species (whole animals) in their test requirements and research. The Committee strongly encourages EPA to continue and enhance these efforts to develop and validate alternative test methods that do not require the use of whole animals or that minimize the numbers of whole animals used in testing. These alternative test systems should include chemical marker methodologies, *in vitro* cell tests, and the use of modeling techniques and structure-activity relationships.

The Committee understands that EPA has been cooperating with interested parties to ensure that a study and air quality model of California's San Joaquin valley are based on credible, mutually acceptable methods and data. The Agency's attention to this matter remains important due to continuing concerns about the use of existing information and models in imposing control actions. The Committee understands and expects that EPA will continue to cooperate with interested parties with regard to developing this study and model. The Committee also understands that EPA has previously committed grant funds for development of this study and expects EPA to seriously consider making significant grants available to the project during 1987.

The Committee is also concerned that EPA is not fully applying Section 8(a) minority and small business contracting requirements consistently to its programs. Therefore, the Committee requests that the Agency review its procurement policies to ensure that minority and female-owned businesses are not excluded from consideration in EPA procurements. In particular, the activities under the Superfund program should be examined for compliance with Section 8(a) program requirements.

The Committee is aware of public anxiety in several areas over high levels of asbestos in drinking water. The Committee notes that EPA proposed its recommended maximum standards for asbestos in drinking water in November 1985. Again, EPA is urged to finalize its standards for acceptable levels of asbestos in drinking water as rapidly as possible so that the public will have useful guidelines. In addition, EPA should prepare a report based on currently available information on the interaction between corrosive water and pipe material, including asbestos cement pipe. This report should also exmine methods for controlling such corrosive problems in drinking water supplies. This report should be available to the Committee for consideration of the fiscal year 1988 budget.

The Committee understands that EPA is considering establishing nationwide controls on gasoline vapor emissions from the refueling of motor vehicles to address ozone nonattainment problems in some parts of the Nation. The Committee is concerned that the Agency may not have developed sufficient data upon which to base a judgment for a nationwide program regulating motor vehicles or service stations or both. Therefore, the Committee directs that before proposing such regulations, EPA should (1) review the effective-

ness, need and validity of a nationwide program; (2) evaluate all costs and benefit data on control alternatives to assure a cost-effective strategy; (3) assure that requirements of Federal Motor Vehicle Safety Standard 301 or defect problems from onboard controls are adequately resolved, and (4) address the effects of fuel volatility on all aspects of this issue. This information and all relevant data, analyses, reports and supporting material should be submitted to the Congress by December 1986 and prior to EPA's proposing these regulations.

RESEARCH AND DEVELOPMENT

1986 appropriation	$213,793,000
Estimate, 1987	192,734,000
Recommended in bill	202,500,000
Increase above estimate	+9,766,000

The research and development account funds all extramural EPA research (except Superfund) carried out through grants, contracts and cooperative agreements. Research projects address a wide range of environmental and health concerns across all media and encompass both long-term exploratory studies and near-term research to support regulations and standards.

The Committee recommends $202,500,000 for EPA research and development in 1987. This is an increase of $9,766,000 above the budget request based on the following changes:

−$5,234,000 from research and development activities, to be applied at the discretion of the Administrator.

+$3,000,000 for exploratory research to maintain present levels of biomonitoring work and restore competitive grants in priority research areas.

+$3,000,000 for the Health Effects Institute (HEI). The Committee wants to assure that EPA research funds continue to be explicitly dedicated to this cooperative effort co-funded by the automobile industry. The recent General Accounting Office evaluation reported that EPA and HEI are developing improved procedures to assure the relevance of HEI-sponsored research to EPA's regulatory and other responsibilities. The Committee supports these efforts but wants to make clear that HEI's independence is crucial to both its mission and its credibility and must not be compromised.

+$3,000,000 for the hazardous waste management center. The Agency should continue to have the program, policy and research offices coordinate their efforts to assure that the most pressing gaps in the overall RCRA program are being addressed.

+$2,000,000 for additional total exposure assessment methodology (TEAM) studies. The Committee believes that TEAM studies have provided important insights into overall exposures of pollutants and offer a valuable dimension to EPA's risk assessment efforts. This increase is intended to test the applicability of the TEAM approach to particulate matter.

+$1,500,000 for radon mitigation research. The Committee is concerned that the Agency's emphasis on exposure surveys to identify radon concentrations in homes may outrun our technical capabilities to correct such problems. Unless EPA assigns research on radon mitigation techniques a much higher priority, homeowners

will inevitably waste money and be victimized by incompetent or unscrupulous contractors. These additional funds are intended to develop and validate cost effective radon mitigation methods for the various types of residential construction, in addition to inexpensive means for reducing low radon levels in homes.

+$1,000,000 for Great Lakes research to continue support for the bilateral water quality agreement with Canada. These funds are provided for initiating new, high priority research projects, and the Committee intends to monitor their effective use in 1987 and future years.

+$1,000,000 for drinking water and groundwater research.

+$500,000 for targeted indoor air research, including health/exposure studies, source characterization and mitigation work. The Committee expects EPA to develop a balanced, policy-relevant indoor air research program in cooperation with the interagency coordinating committee and the EPA air program office. In this regard, the Committee hopes that the upcoming Science Advisory Board review will be helpful in establishing research priorities for indoor air pollution. The Agency is also urged to explore the potential role of the Health Effects Institute in conducting health studies of indoor air combustion products co-funded by industry.

Due to the uncertainty over proposals being submitted and the total cost of the tangentially fired limestone injection multistage burner (LIMB) demonstration, the Committee has not earmarked specific funds in 1987 to complete this project. However, the Committee remains fully committed to the T-fired LIMB demonstration, assuming that a suitably sized powerplant can be found. The Agency should continue to coordinate efforts with the electric power industry and the Department of Energy's clean coal initiatives. Once the scope and cost of this demonstration are clearly defined, the Committee will work with EPA and DOE to identify the remaining Federal funds needed.

For the most part, EPA's Science Advisory Board (SAB) reviews the scientific justification supporting the Agency's regulatory decisions and the quality of completed research studies. However, the SAB is also well equipped to judge the relevance, priority and need for proposed research efforts. The Committee urges EPA to seek SAB reviews at the research planning stage to assess the priority, focus and balance of major research initiatives before substantial resource commitments are made.

ABATEMENT, CONTROL, AND COMPLIANCE

1986 appropriation	$552,763,000
Estimate, 1987	490,785,000
Recommended in bill	532,550,000
Increase above estimate	+41,765,000

The abatement, control, and compliance account encompasses a broad range of pollution control efforts for all media except Superfund. These activities include setting environmental standards, issuing permits, monitoring emissions and ambient conditions, and providing oversight for compliance and enforcement. In most cases, the States are directly responsible for actual operation of the various environmental programs. Well over half of the funds in this ac-

count are provided by EPA in the form of grants to support State program activities.

The bill includes $532,550,000 for abatement, control, and compliance in 1987. This increase of $41,765,000 above the budget request is comprised of the following changes:

−$3,300,000 from underground storage tank State grants. The Committee will consider increases for underground storage tanks once Federal standards are in place and State implementation plans are better developed.

+$10,000,000 for section 106 State water quality grants. The 1988 deadline for NPDES compliance requires a more comprehensive and better coordinated approach by EPA and the States to bring municipal dischargers into compliance. Specifically, the Agency must assure that operations and maintenance, technical assistance, and operator training activities are integrated with enforcement actions in support of the national municipal strategy. The Committee also urges that a portion of these funds be used to maintain momentum in the development and implementation of State groundwater protection programs.

+$6,000,000 for drinking water standards development and criteria for designating wellhead protection areas and sole source aquifers.

+$3,000,000 for public water system State grants.

+$1,000,000 for underground injection control State grants.

+$4,000,000 for hazardous waste State grants, including RCRA training action plans and activities to complement the EPA training initiative outlined below.

+$1,000,000 for the Agency to undertake a concerted RCRA training initiative. The Committee believes that EPA's current RCRA training efforts cannot meet the steadily increasing requirements in this area. Relying completely on the traditional approach of developing training materials and sponsoring technical courses is not satisfying overall RCRA training needs nor is it encouraging States to accept responsibility for workforce development. The model for operator training developed and proven in the water program—which integrates technical assistance, outreach activities, and State program development—should serve as the basis for a comprehensive RCRA training program. Accordingly, EPA should involve national organizations experienced in providing on-site technical assistance and developing model State action plans for environmental training. The Agency is directed to report to Congress by January 1, 1987, on (1) the training needs assessments and model State plans called for by the Committee last year, and (2) a detailed approach for coordinating 1987 contract funds and State grant increases to begin developing integrated, institutionalized State training programs.

+$1,800,000 for wastewater treatment operator training. The Committee is impressed that the relatively modest investments in operator training over the past five years have contributed directly to bringing nearly 700 treatment plants into compliance. At the same time, efforts to assist the States in developing operator training action plans have produced steady progress towards self-sufficiency in over 20 States. The Agency should allocate a portion of

these funds to assist at least five new States in developing training action plans and to distribute model plans to the remaining States.

+$2,500,000 for the Rural Water Association. The Committee wants to assure that technical assistance funds are put to the most cost effective use to provide maximum environmental benefits. In this regard, the Agency should take steps to assure that these technical assistance and training efforts are coordinated with each State drinking water agency and targeted at systems with compliance problems. In addition, EPA should review the Rural Water Association's accomplishments in relation to its operating and administrative expenses, including the costs of training materials, travel and consultants. The conclusions of this review and any recommendations should be submitted to the Committee by March 1, 1987.

+$1,965,000 for academic training.

+$2,000,000 for comprehensive estuarine studies to be allocated at the discretion of the Administrator.

+$2,000,000 for stratospheric ozone protection, studies of chlorofluorocarbons and climate change.

+$5,000,000 for subsidies to States and school districts for the reinspection of schools for asbestos-containing materials. The Committee strongly supports EPA's plans to propose a reinspection requirement for asbestos in schools. It is essential that these inspections be conducted in a thorough, consistent manner so as to assure that all serious school asbestos problems are identified. The costs of inspecting each school are currently estimated to range between $500 and $2,000. The Committee is convinced that a more uniform, organized approach to inspection can produce economies of scale and cost savings—as well as more reliable results. All of the funds provided are intended to subsidize the costs of school inspections.

+$2,000,000 for asbestos technical assistance and training. While progress with State asbestos abatement contractor certification programs has been encouraging, the Committee is still concerned over the quality and safety of abatement projects actually being conducted. A contractor's training certificate is no guarantee of a quality job unless there is a reliable means of oversight and inspection. Clearly, the weak link in the asbestos abatement system is the lack of a strong monitoring and enforcement presence at work sites—either by EPA staff or contractors or by State and local inspectors.

Of the increase provided, $500,000 is intended to augment AARP personnel, primarily for expanded monitoring and inspection of Federally funded school abatement projects. An additional $300,000 is provided to complete the evaluation study on the success and efficacy of past school abatement projects.

The remaining funds should be targeted to training State and local health and building inspectors and developing other training materials and delivery mechanisms. The Committee believes EPA's five pilot training centers are particularly well suited to carry out these tasks and directs that the base funding level for each center in 1987 be maintained at a minimum of $200,000. Because most State and local governments have limited training and travel budgets, the Committee finds it appropriate that the pilot centers provide subsidies to encourage State and local inspector training. The

Agency should submit its plans for asbestos technical assistance, training and outreach to the Committee by January 1, 1987.

The Committee has not included 1987 funds for loans and grants to schools for asbestos abatement. While there is substantial demand for these funds and some serious asbestos exposure problems clearly remain, the Committee is forced to defer further funding until currently available funds are used and additional experience is gained concerning the program's operation. Only a fraction of the original appropriation provided in 1984 has been spent to date to actually complete abatement projects. The majority of the 1984 appropriation will be used to complete abatement projects this summer. Furthermore, little if any of the $46,000,000 provided last year will be spent during the 1986 summer season, since project awards will not be announced until July 31. Finally, EPA has not yet completed its evaluation of the safety of abatement projects conducted or their effectiveness in reducing asbestos exposures.

For the most part, the fiscal year 1986 appropriation will fund abatement projects being conducted during the summer of 1987. For that reason, the Committee has postponed additional loan and grant funding in favor of (1) strengthening contractor training and certification and State and local inspection programs to assure the quality of abatement projects and, (2) providing subsidies for the thorough, consistent reinspection of all schools for asbestos. The Committee will continue to review the Agency's progress in achieving high quality school abatement projects and will consider additional funding requirements in the future.

+$2,800,000 to be allocated for priority projects at the Administrator's discretion.

The Agency is directed to undertake a study to determine the depth of sludge deposits and the types and concentrations of pollutants in those deposits emitted from the wastewater treatment plant located at Nut Island, Quincy, Massachusetts. The study should include, but not be limited to, the areas between Nut Island and Moon Island, extending from Quincy shoreline to a line between the eastermost points of Long Island and Peddocks Island. At least $250,000 should be committed to this effort and the results submitted to the Congress upon completion.

BUILDINGS AND FACILITIES

1986 appropriation	$4,785,000
Estimate, 1987	5,000,000
Recommended in bill	5,000,000

This activity provides for the design and construction of EPA-owned facilities as well as for the repair and improvement of facilities utilized by the Agency. The funds are used primarily to correct unsafe conditions, to protect health and safety of employees and to prevent serious deterioration of structures and equipment.

The bill includes the budget request of $5,000,000 for repair and improvement projects. Any project exceeding $500,000 in estimated cost should not be undertaken without the approval of the Committees on Appropriations. No funds are provided for construction of new facilities.

HAZARDOUS SUBSTANCE RESPONSE TRUST FUND

1986 appropriation	$861,300,000
Estimate, 1987	1,050,000,000
Recommended in bill	861,300,000
Decrease below estimate	−188,700,000

The Comprehensive Environmental Response, Compensation, and Liability Act of 1980 established what is commonly referred to as the "Superfund" program to clean up oil and chemical spills and dangerous, uncontrolled and abandoned hazardous waste sites. The Act mandates extensive enforcement activities to identify and induce parties responsible for hazardous waste problems to undertake removal or remedial actions. The Act also envisions that liable parties will be pursued to recover costs incurred by Federal and State agencies for cleanup actions at spills and waste sites. The Superfund program is funded through annual appropriations Acts from a trust fund financed primarily by taxes on the chemical industry.

From its inception, the Superfund program experienced a number of serious policy, management, and technical problems which led to delays in project cleanups. As working relationships gradually evolved with the States and EPA's technical and management capabilities matured, Superfund projects began moving through the cleanup "pipeline." However, Superfund's steadily building momentum was abruptly broken in fiscal year 1986, as both program authorization and taxing authority expired.

Although the Congress appropriated $861,300,000 in spending authority for fiscal year 1986, only a fraction of that amount could be obligated by EPA because of the shortage of funds in the trust fund. To conserve the remaining cash balance, EPA was forced to slow down the program in August 1985—halting contracts for all new site designs and cleanups and reducing emergency removals. When the funding situation reached crisis proportions last April, $150,000,000 was provided as a repayable advance to prevent contract terminations and additional layoffs of contractor staff.

Despite such "stopgap" measures, however, the delay in Superfund reauthorization has inflicted serious damage to the program. The Agency has restricted hiring Superfund staff, contractors have lost experienced technical employees, EPA and State enforcement efforts have been hampered, and the planning, design and cleanup of hundreds of projects have been interrupted. Based on current estimates, almost $700,000,000 of the funds appropriated in 1986 will be carried over if the Superfund program and its taxing authority are not enacted until late in this fiscal year.

The President's 1987 request for Superfund was $1,050,000,000, premised on the expectation of a reauthorized program accelerating throughout 1986. Clearly, that request is no longer appropriate to the current Superfund situation. Obligations in 1985 totaled a modest $453,000,000, and only about $300,000,000 has been obligated during the first nine months of 1986. The Committee has recommended $861,300,000 to maintain the 1987 appropriation for the Superfund program at its current level. This appropriation, in combination with 1986 carryover funds, should provide for a 1987 program level of approximately $1,500,000,000. These resources should

be more than ample next year, considering the technical and management challenges facing EPA in implementing the statutory changes and restoring momentum in the program.

The Committee has included bill language to withhold the availability of 1987 appropriated funds for release in a subsequent appropriations Act after the Committee has had an opportunity to evaluate the enacted reauthorizing legislation. Based on the timing of enactment of reauthorizing legislation and EPA's success in restoring Superfund's momentum, the Committee will continue to evaluate the need for funds that can be put to effective use.

To respond to the new responsibilities anticipated for EPA, the Committee has added 100 workyears and $6,000,000, which is reflected within the $135,000,000 limitation on administrative expenses specified in bill language. The 1987 budget justification provided no details on planned Superfund activities because of the uncertainty over the timing of reauthorization. Within 45 days after enactment of this legislation, EPA should provide the usual budget and program justification to the Committees on Appropriations.

Finally, the Committee is aware of concerns over the blending and disposition of contaminated soil from Superfund sites. Before EPA selects any preferred alternative for Superfund sites encompassing soil blending, the Committee directs that all necessary studies be conducted and standard Superfund procedures for review and comment be fully followed. This assessment should include an evaluation of all reasonable cleanup alternatives and their technical, environmental and public health impacts, consistent with the National Contingency Plan and the Agency's remedial investigation feasibility study guidance document.

CONSTRUCTION GRANTS

1986 appropriation	$2,374,200,000
Estimate, 1987	[1] 1,800,000,000
Recommended in bill	2,400,000,000
Increase above estimate	+600,000,000

[1] Supplemental request pending reauthorization.

Construction grants are made to municipal, intermunicipal, State and interstate agencies to assist in financing the planning, design and construction of wastewater treatment facilities. The President's 1987 budget makes no request for the construction grants program but indicates that a supplemental request will be submitted for $1,800,000,000 after enactment of authorizing legislation.

The Committee has provided $2,400,000,000 to maintain funding for construction grants at the prevailing level of recent years. However, bill language has been included to place these funds in reserve for release in a subsequent appropriations Act after the program has been reauthorized. The Clean Water Act amendments have been awaiting conference action since September 1985. This delay has caused program disruptions and uncertainties and imposed a hardship on project planning and construction in virtually every State. The Committee urges the conferees from the House and Senate authorizing committees to redouble their efforts to agree on an acceptable Clean Water Act reauthorization.

Bill language has also been included to require that EPA's advanced treatment policy and review process be applied uniformly to projects in all States. In the interest of fairness, the Committee believes strongly that no State should be exempted from these reviews or otherwise accorded preferential treatment.

EXECUTIVE OFFICE OF THE PRESIDENT

COUNCIL ON ENVIRONMENTAL QUALITY AND OFFICE OF ENVIRONMENTAL QUALITY

1986 appropriation	$670,000
Estimate, 1987	820,000
Recommended in bill	670,000
Decrease below estimate	−150,000

The National Environmental Policy Act of 1969 created the Council on Environmental Quality to provide assistance and advice to the President in matters relating to the quality of the national environment. The Environmental Quality Improvement Act of 1970 established an office to provide professional and administrative staff for the Council. The Council on Environmental Quality has statutory responsibility for environmental oversight, which includes analyzing and interpreting environmental information, conducting investigations, making policy recommendations and reporting on changes in the environment.

The bill includes $670,000 to maintain the current appropriation level for CEQ in 1987. This amount is $150,000 below the budget request. Given current overall budget constraints the Committee cannot justify any increase in CEQ's appropriation in 1987. In addition, there is some doubt whether, even with the additional funds requested, CEQ could assemble the technical expertise to permit the agency to play a substantive role in scientific and policy issues.

Each year CEQ oversees the expenditure of an additional $1,000,000 to $2,000,000 through its Management Fund. These monies are contributed by other Federal agencies to support coordinated studies of broad environmental issues. However, the Committee is aware of several instances in which other agencies have used the CEQ Management Fund as a means to circumvent internal contracting requirements. This practice is inappropriate and should be stopped immediately. The CEQ Management Fund should be reserved solely for studies of broader, crosscutting issues of a legitimate interagency nature.

OFFICE OF SCIENCE AND TECHNOLOGY POLICY

1986 appropriation	$2,217,227
Estimate, 1987	1,671,000
Recommended in bill	1,671,000

The Office of Science and Technology Policy was created by the National Science and Technology Policy, Organization, and Priorities Act of 1976. It serves as a source of science and technology policy analysis for the President with respect to major policies, plans and programs of the Federal Government. The Office also assists in evaluating and coordinating the Federal effort in science and technology.

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The bill includes the budget request of $1,671,000 for the Office of Science and Technology Policy in fiscal year 1987. The bill also includes the requested proviso requiring reimbursement to other agencies for at least one-half of the cost of detailed individuals.

Federal Emergency Management Agency

1986 appropriation	$824,881,628
Estimate, 1987	469,250,000
Recommended in bill	614,250,000
Increase above estimate	+145,5000,000

The Federal Emergency Management Agency (FEMA) was created by Reorganization Plan No. 3 of 1978. The Agency operates under the following authorities which carry a wide range of program responsibilities for emergency planning and preparedness, disaster response and recovery, and hazard mitigation:

—Under the Federal Civil Defense Act of 1950, as amended, responsibility for administering a national program for defense of the population and industry in the case of an attack upon the United States.

—Under the Federal Fire Prevention and Control Act of 1974, programs to reduce national fire loss, including training and education.

—Under the National Flood Insurance Act of 1968, as amended, and the Flood Disaster Protection Act of 1973, administration of a national program to provide flood insurance and to encourage better flood plain management.

—Under the Urban Property Protection and Reinsurance Act of 1968, as amended, a program to provide crime insurance.

—Under the Disaster Relief Act of 1974, programs to provide assistance to individuals and State and local governments in Presidentially declared major disaster or emergency areas.

—Under the National Security Act of 1947, the Strategic and Critical Materials Stockpiling Act, and the Defense Production Act of 1950, as amended, programs to provide for continuity of government, emergency resource assessment and management, post-attack economic recovery and stabilization, and policy guidance for stockpiling strategic materials.

—Under the Earthquake Hazards Reduction Act of 1977, programs designed to identify and reduce earthquake vulnerabilities and consequences.

—In accordance with provisions of the Nuclear Regulatory Commission Fiscal Year 1980 Appropriation Authorization Act and other statutes, and by Presidential directive, responsibility for off-site emergency preparedness for fixed nuclear facilities.

—Under Executive Order 12148, responsibility for oversight of the national dam safety program.

—Under the Comprehensive Environmental Response, Compensation, and Liability Act and Executive Order 12316, responsibility for specified emergency response activities.

Of the amounts approved in the following appropriation accounts, the Agency must limit transfers of funds between programs and activities to not more than $500,000 without prior approval of the Committee.

FUNDS APPROPRIATED TO THE PRESIDENT

DISASTER RELIEF

(INCLUDING TRANSFER OF FUNDS)

1986 appropriation	$345,700,000
Estimate, 1987	100,000,000
Recommended in bill	175,000,000
Increase above estimate	+75,000,000

The Federal Emergency Management Agency is charged with coordinating the entire Federal disaster assistance response and provides two principal forms of disaster assistance—public assistance and assistance to individuals and families. Public assistance grants are made to State and local governments to cover emergency protective measures, debris clearance, and the repair and restoration of damaged public and certain private, nonprofit facilities. Individual and family assistance typically consists of temporary housing and individual and family grants to meet necessary disaster-related expenses.

For 1987 and beyond, the Administration is proposing legislation to amend the Disaster Relief Act, and regulation changes that would reduce the Federal share of funding for disaster assistance. Cost-sharing at a ratio of approximately 75 percent Federal and 25 percent State/local would be applied to all principal components of individual assistance, and a sliding scale of cost-sharing would be applied to public assistance to achieve an overall 50 percent Federal and 50 percent State/local cost-sharing. The combined results would reduce the average annual obligations in the disaster relief appropriation by approximately $75,000,000.

The Committee does not agree with the proposed changes in disaster relief legislation and regulations. It is possible that savings can be achieved in the disaster assistance program, but FEMA's current proposals are too drastic. Accordingly, the Committee has included bill language preventing the proposed regulations from being implemented in fiscal year 1987.

The bill includes $175,000,000 for disaster relief activities in fiscal year 1987. The increase of $75,000,000 above the budget request is required because the proposed legislative and regulatory savings will not occur.

The 1987 disaster relief budget request assumes that the direct costs (personnel compensation and benefits) and indirect costs (working space, equipment, supplies, telephones, etc.) of disaster assistance employees (DAEs) stationed at the FEMA headquarters and regional offices will be paid directly from the disaster relief fund. This has been the approach used since the 1982 change to the current appropriation structure for the disaster assistance program. Since that time, the Agency has employed an average of 90 DAE workyears at the headquarters and regional offices. These employees were to be used in support of declared disasters. The average obligations per year (direct and indirect costs) has been $5,385,000.

Questions have been raised as to the legality of using DAEs to perform permanent, ongoing functions—even though those functions are connected with the disaster relief program. Further, ques-

tions have been raised as to whether all of the DAEs located at the headquarters and regional offices are used solely for disaster relief work. Given the generally consistent level of effort and cost of these DAEs over the intervening period, the Committee recommends that these DAE positions be converted to positions under the regular civil service with their costs included in the salaries and expenses account in 1987.

The Committee expects that supplemental funds for salaries and expenses will be requested with additional disaster relief funds, in the case of increased disaster relief activity. The DAEs activated for service at other locations, such as disaster field offices, will continue to have their direct and indirect costs paid for by the disaster relief fund. The Committee does not intend any changes in FEMA's practice of paying overtime costs of FEMA employees responding to disasters from the fund.

The bill contains language transferring $5,385,000 to the salaries and expenses appropriation from the disaster relief fund in 1987 for the direct and indirect costs of civil service employees to replace DAEs engaged in support of declared emergencies and major disasters and located at the headquarters and regional offices. This amount includes $3,445,000 for personnel compensation, benefits, and travel for 90 additional workyears to be allocated exclusively among the disaster assistance program and the following management and administration functions: comptroller, personnel management, inspector general and acquisition management. Fiscal year 1987 is to be considered a transitional year. The Committee intends that after 1987, all of these direct and indirect "baseline" administrative costs of disaster response in regular FEMA facilities will be budgeted for in the salaries and expenses appropriation.

The Committee believes this change will have little or no impact on outlays and, in fact, may be somewhat more economical inasmuch as the Agency will not be terminating these employees after 18 months service as its current policies require. This alone will save the recruiting, training and additional management costs the Agency must incur under the existing approach.

SALARIES AND EXPENSES

1986 appropriation	$109,440,000
Estimate, 1987	118,507,000
Recommended in bill	118,507,000

This program encompasses the salaries and expenses required to provide executive direction and administrative staff support for all Agency programs in both the headquarters and field offices. The account also funds program support and management and administration activities.

The bill includes the budget estimate of $118,507,000 for salaries and expenses of the Federal Emergency Management Agency in fiscal year 1987. This level of funding is estimated to support 2,108 staff years. The Committee recommendation includes the following changes from the budget estimate:

+16 FTE in the Disaster Relief Administration. This increase will restore the staffing level for disaster assistance to the 1985 level of 160.

+10 FTE in the radiological emergency preparedness (REP) program. This increase will provide a staffing level for the REP program of 70, which is approximately the 1985 level. This increase, together with an additional $500,000 in the emergency management planning and assistance appropriation, will also help eliminate the delays and short-cuts that now characterize this program.

+6 FTE in the emergency food and shelter program. It is the Committee's intention that these positions be used only for program purposes.

+8 FTE in the hazardous materials activity. The increase in this high priority program will provide for a total staffing level of 15 in 1987.

−16 FTE in the Federal preparedness program. This reduction will maintain the program at the 1986 staffing level of 881.

−24 FTE to be applied at the Agency's discretion to programs other than those four where the Committee has recommended increases.

The Committee is aware that FEMA may propose changes to the budget plan. There may be an imbalance between headquarters and regional staffing levels. The Agency should review the staffing requirements but is not to change the program staffing levels from those proposed in the budget without the prior approval of the Committees on Appropriations.

The Agency has requested funds for 78 FTE for the National Fire Academy in 1987. This is an increase of 18 FTE above the 1986 level of 60. The Agency is directed to allocate National Fire Academy funds for at least 15 FTE to the United States Fire Administration.

Finally, in addition to the funds included in the salaries and expenses appropriation, $9,300,000 is recommended for transfer from the National Flood Insurance Fund. This amount will provide for an estimated 203 workyears. Information concerning the transfer of funds is included under the National Flood Insurance Fund section of this report.

EMERGENCY MANAGEMENT PLANNING AND ASSISTANCE

1986 appropriation	$236,261,000
Estimate, 1987	250,743,000
Recommended in bill	250,743,000

This appropriation provides resources for the following activities: civil defense, comprehensive emergency preparedness planning, radiological emergency preparedness, Federal preparedness, training and fire programs, and flood plain management. The budget proposes that the flood plain management program be funded under the National Flood Insurance Fund in 1987.

The bill includes the budget estimate of $250,743,000 for emergency management planning and assistance in fiscal year 1987. The recommendation reflects the following changes from the budget estimate:

+$3,500,000 for travel stipends and lodging costs. This increase will restore the proposed reductions in (1) civil defense training and education ($1,400,000); (2) the Emergency Management Institute ($250,000); and (3) the National Fire Academy ($1,850,000).

+$500,000 for the radiological emergency preparedness program. This increase, together with the $3,581,000 requested, will provide for a 1987 REP program of $4,081,000. The additional amounts provided in this account and the salaries and expenses appropriation will help eliminate the delays and shortcuts that now characterize this program.

−$10,000,000 from the government preparedness program. This reduction in the requested increase of $27,062,000 for Federal preparedness is taken to provide for a better balance among FEMA programs.

+$6,000,000 for the United States Fire Administration. The Committee does not believe this program should be eliminated as proposed by the Administration. Within the $6,000,000, the Committee urges that funds be allocated to continue the community-based anti-arson program.

In addition to the funds included in the emergency management planning and assistance appropriation, $45,200,000 is transferred from the National Flood Insurance Fund. Information concerning the transfer of funds is included under the National Flood Insurance Fund section of this report.

NATIONAL FLOOD INSURANCE FUND

(TRANSFER OF FUNDS)

The Flood Disaster Protection Act of 1973 requires the purchase of insurance in communities where it is available as a condition of receiving various forms of Federal financial assistance for acquisition and construction of buildings or projects within special flood hazard areas identified by the Federal Emergency Management Agency. All existing buildings and their contents in communities where flood insurance is available, through either the emergency or the regular program, are eligible for a first layer of coverage at subsidized premium rates. Full-risk actuarial rates are charged for new construction or substantial improvements commenced in identified special flood hazard areas after December 31, 1974, or after the effective date of the flood insurance rate map issued to the community, whichever is later. For communities in the regular program, a second layer of flood insurance coverage is available at actuarial rates on all properties, and actuarial rates for both layers apply to all new construction or substantial improvements located in special flood hazard areas. The program operations are financed with premium income augmented by Treasury borrowings. The cumulative loss of this program is projected to be $1,267,953,000 at the end of 1987.

The Administration proposes that administrative expenses, flood studies and surveys, flood hazard reduction, purchase of property and State assistance activities be funded directly from the National Flood Insurance Fund beginning in 1987. The Administration made a similar request last year. The Committee disapproved the 1986 proposal by transferring funds for these costs to the salaries and expenses and emergency management planning and assistance accounts. The Committee again denies the proposal to fund these costs directly from the National Flood Insurance Fund.

The bill contains language transferring $9,300,000 to the salaries and expenses appropriation from the National Flood Insurance Fund for administrative costs in 1987. This amount is exclusively for support of insurance activities. The bill also includes language transferring $45,200,000 to the emergency management planning and assistance appropriation to continue the present funding method for flood plain management activities. This amount includes $36,460,000 for flood studies and surveys, $4,020,000 for the flood hazard reduction program, and $4,720,000 for the section 1362 purchase of property program.

The Federal Emergency Management Agency proposes a 27 percent increase in premium rates for the flood insurance program in 1987. The Committee is concerned about the possible adverse impact on the flood insurance program of such a major increase in premium costs to policyholders. The proposed increase, designed to make the program actuarially sound, may drive the cost of the program beyond the ability of a large portion of the homeowning public to pay. Because of this concern, the Committee directs that the premium rate charges for flood insurance under any program established pursuant to the National Flood Insurance Act of 1968 may not be increased during the period beginning on the date of enactment of this bill and ending on September 30, 1987, by more than a prorated annual rate of 10 percent.

The Committee is concerned with how the Write Your Own (WYO) program is progressing. The WYO program, initiated in 1983, proposes to reinvolve private insurance companies in the National Flood Insurance program by allowing insurers to write and service flood insurance policies under their own names on a non-risk basis. The WYO program is an attempt to increase the number of policyholders in the National Flood Insurance program. The Agency believes that it is necessary to expand the base of approximately 2,000,000 policyholders if the program costs are to remain reasonable and without a great amount of subsidy.

The number of policies in force passed the 2,000,000 level at the beginning of calendar year 1986. The estimated number of policies in force at the end of fiscal year 1986 is 2,121,000. The estimate for the number of policies in force at the end of fiscal year 1987 is 2,312,000. However, it is difficult to determine if the increase in policies in force is caused by the WYO program or the increased housing activity or both.

Further, the average underwriting cost per policy has been rising--from $31.48 in 1981 to $58.27 in 1985 to an estimated $69.52 in 1987. That represents nearly a doubling of the underwriting costs per policy in four years.

The Committee intends to closely monitor the WYO program. If the average underwriting cost per policyholder continues to increase or the number of policyholders does not increase, the Committee will consider terminating this program.

EMERGENCY FOOD AND SHELTER PROGRAM

1986 appropriation	$70,000,000
Estimate, 1987	
Recommended in bill	70,000,000
Increase above estimate	+70,000,000

The emergency food and shelter program originated in the March 1983 Emergency Jobs Bill (Public Law 98-8) with an appropriation of $100,000,000. Of that amount, $50,000,000 was provided to private voluntary organizations through a National Board. The Board allocated the funds and determined program eligibility. The remaining $50,000,000 was given to the States through a community services formula. The States allocated those funds and determined eligibility. The funds were provided to help address the problems of the homeless because unemployment had created increased demands on soup kitchens, food banks, and providers of emergency shelters.

In the autumn of 1983, an additional $40,000,000 was made available through the National Board. Those fiscal year 1984 appropriations include $10,000,000 provided in the Further Continuing Resolution and $30,000,000 in the 1984 Supplemental Appropriations Act. An additional $70,000,000 was appropriated for the emergency food and shelter program in the 1984 Supplemental Appropriations Act, and $20,000,000 was appropriated in the 1985 Supplemental Appropriations Act. In the 1986 HUD—Independent Agencies Appropriations Act, $70,000,000 was provided.

The emergency food and shelter program is working well from all reports. Of the $250,000,000 provided through the National Board, the Committee has been informed that approximately $101,421,400 has been or will be used in providing over 43,900,000 nights-of-shelter. The balance of $148,578,600 has been or will be used in providing an estimated 203,550,000 meals.

The economic conditions that existed when the Emergency Jobs Bill was enacted in 1983 have improved. However, the need for funds to help address the problems of the homeless remain. Although the questions of the universe of need and assistance being provided remain unresolved, information from all available sources indicates the need is growing. To address this need, the Committee is recommending $70,000,000 for the emergency food and shelter program in fiscal year 1987. This will continue the program at the 1986 level.

Finally, the Committee has included six positions in the salaries and expenses appropriation to administer the emergency food and shelter program in 1987. It is the Committee's intention that these additional positions be used only for programmatic purposes.

General Services Administration

CONSUMER INFORMATION CENTER

1986 appropriation	$1,182,261
Estimate, 1987	1,272,000
Recommended in bill	1,272,000

The Consumer Information Center is responsible for encouraging the development of relevant and meaningful consumer information by the major Federal departments and agencies as a result of the Government's research, development and procurement activities. In addition, the Center promotes greater public awareness of existing Federal publications through distribution of the quarterly *Consumer Information Catalog* and various media programs.

The bill provides the requested level of $1,272,000 in new budget authority for the Consumer Information Center in 1987. This appropriation, augmented by user fees deposited in CIC's revolving fund, will support administrative expenses of not to exceed $1,664,000. The bill also includes language limiting the availability of the revolving fund to an aggregate level of $5,200,000 in 1987. This amount is comprised of (1) an appropriation of $1,272,000, (2) prior years' unobligated balance of $82,000, (3) user fees from consumers of $400,000, (4) reimbursements from other Federal agencies of $3,000,000, and (5) other income incident to CIC activities of $446,000; all to be available without regard to fiscal year limitation. Any revenues accruing to this fund during 1987 in excess of $5,200,000 shall remain in the fund but not be available for expenditure except as authorized in appropriations Acts.

The Committee is encouraged that the steady decline in the number of publications distributed to consumers by CIC has finally been stemmed. The increases in publications distributed in both 1985 and 1986 demonstrate the effectiveness of CIC's innovative outreach strategies. The Committee believes enhancement of these efforts is cost effective and has increased the administrative expense limitation by $10,000 above the $1,654,000 budget request. This increase is intended to cover additional travel expenses to encourage cooperative consumer information projects among business organizations, consumer groups, and Federal agencies.

Department of Health and Human Services

OFFICE OF CONSUMER AFFAIRS

1986 appropriation	$1,903,000
Estimate, 1987	400,000
Recommended in bill	1,000,000
Increase above estimate	+600,000

The Office of Consumer Affairs supports consumer needs and viewpoints in the Federal Government; fosters consideration of consumer interests by other Government agencies, voluntary groups and business; and seeks to inform and educate individual citizens to deal more effectively in the marketplace. The Director of the OCA also serves as a special assistant to the President.

The President's 1987 budget proposes drastic reductions in the request for OCA—from $1,903,000 to $400,000 and from 30 FTE to five FTE. The Committee believes OCA has played a valuable role in focusing consumer concerns within the Administration and in heightening consumer consciousness within the business community at large. It is clear to the Committee that the void created by the proposed OCA budget reductions cannot be filled by other Government, industry or consumer groups.

The Committee recommends $1,000,000 and 18 FTE for OCA in 1987. While these levels are reductions below the 1986 current level, they represent increases of $600,000 and 13 FTE above the President's request. The Office of Consumer Affairs is directed to apply these additions to maintain the current level of support for revising and distributing the *Consumer's Resource Handbook* and for other priority activities at the discretion of the Director.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

1986 appropriation	$7,333,240,000
Estimate, 1987	7,694,400,000
Recommended in bill	7,650,000,000
Decrease below estimate	−44,400,000

For fiscal year 1987 the Committee is recommending a "current services" level of $7,650,000,000. This is $44,400,000 below the budget request, and is $316,760,000 above the adjusted fiscal year 1986 appropriation. These amounts do not reflect the adoption of a $531,000,000 1986 supplemental appropriation, of which $431,000,000 is provided in 1986 and $100,000,000 in 1987.

The programs of the National Aeronautics and Space Administration are provided for in four appropriation accounts. An explanation pertaining to each account is detailed below. In that connection, the Committee notes that because of the loss of *Challenger*, NASA's budget request for fiscal year 1987 has required a major reallocation of funding priorities. No formal budget amendment nor budget reprogramming for fiscal year 1987 has been received by the Committee. However, the agency did make available information displaying the estimated changes in 1987 as a result of the accident. The changes specified below are changes made from the original budget request. It is noted where those changes have been tentatively identified by NASA and where they are specifically recommended by the Committee.

RESEARCH AND DEVELOPMENT

1986 appropriation	$2,638,257,000
Estimate, 1987	3,003,100,000
Recommended in bill	3,020,700,000
Increase above estimate	+17,600,000

The Committee recommends a total of $3,020,700,000 for this account in fiscal year 1987. The recommendation includes the following increases, decreases and changes to the program areas described below:

−$75,000,000 from space transportation capability development. Of this amount $65,000,000 is the direct result of the accident and represents the current estimate of the agency. The remaining $10,000,000 may be applied at the agency's discretion. The Committee directs that any additional reductions in this activity shall be placed in a reserve and may not be released without the approval of the Committees on Appropriations.

+$91,000,000 for upper stages. This increase was originally recommended by NASA for additional requirements for Shuttle/Centaur. Because of the cancellation of the Centaur program, these funds are now available for contract termination costs and development of an alternative upper stage for planetary missions.

−$69,400,000 to be applied at the agency's discretion from the following space science programs:

Activity:	1987 request
Scatterometer	$35,900,000
Upper atmosphere research satellite	152,200,000
Mars observer	62,900,000
Gamma ray observatory	51,500,000
Ocean topography experiment (TOPEX)	29,000,000

Shuttle/Spacelab physics and astronomy payloads	115,100,000
Explorer development	56,700,000

−$2,000,000 from Phase B studies for the shuttle infrared telescope facility (SIRTF). The Committee notes that in the past there have been requests for Phase B funding for a number of programs that ultimately require Phase C/D (development) funding. Unfortunately there is often no "wedge" available in the agency's budget for development funding of these programs. The Committee believes that it is not in the best interest of NASA or the scientific community to fund Phase B activities earlier than development funding can reasonably be expected to occur.

+$5,000,000 based on the following increases and decreases: −$53,000,000 from space science mission operations and data analysis; −$47,000,000 from space telescope operations; and −$40,000,000 from Shuttle/spacelab payload development; offset by +$5,000,000 for the Venus radar mapper (Magellan) mission; +$68,000,000 for space telescope development; +$48,000,000 for Galileo development; and +$24,000,000 for Ulysses. These increases and decreases are the direct result of the delay caused by the *Challenger* accident and (except for Galileo) represent the current estimates of NASA.

+$77,000,000 for the Advanced Communications Technology Satellite (ACTS) program. In fiscal year 1987 the NASA budget includes no funding for this activity. This program was initiated by the Congress and—contrary to the view of the Administration—this Committee and the Congress continue to believe that the ACTS program is essential in order to maintain U.S. leadership in commercial satellite communications.

The Committee directs that any additional reductions made by NASA in the space science area over and above those outlined above shall be placed in reserve and shall not be released without the approval of the Committees on Appropriations.

−$10,000,000 from transatmospheric research and technology. The Committee believes that in view of the *Challenger* accident, a reduction of $10,000,000 from the $45,000,000 requested for this activity will help offset other funding requirements including shuttle, space station, and the Advanced Communications Technology Satellite. A program level of $35,000,000 should be sufficient to begin development work of a national aerospace vehicle.

+$5,000,000 for space research and technology. Within the $185,000,000 provided for this activity, the Committee directs that $10,000,000 be made available for the enhanced flight telerobotics program as outlined in the plan submitted to the Committee on July 22, 1986. These funds may be used by this office or the space station office at the agency's discretion.

−$4,000,000 from the $32,000,000 requested for commerical use of space activities.

Finally, in the research and development account, the Committee is "capping" the 1987 amounts for a number of programs. In accordance with the agreement as outlined in a letter from NASA to the Committee dated August 9, 1984, these "caps," if included in the conference report, may not be exceeded without the approval of the Committees on Appropriations.

1. Space station—$260,000,000.

2. Upper stages—$176,000,000.
3. Hubble space telescope—$96,000,000.
4. Venus radar mapper (Magellan)—$70,000,000.
5. Ocean topography experiment (TOPEX)—$10,000,000.
6. Galileo—$48,000,000.

SPACE STATION

For fiscal year 1987 a total of $410,000,000 has been requested for the space station. Of that amount $150,000,000 is targeted for initial hardware development. The Committee has repeatedly stressed that because of budget limitations, NASA would encounter serious difficulties relating to space station development. Therefore, it is essential that the space station be developed in such a manner that makes it *useful* during the earliest phases of space station deployment.

It was that concern expressed during the past two years that prompted the Committee's recommendation to explore a variation of a permanently manned concept. In that context, having a station permanently manned should provide substantial additional capability over and above a station man-tended for intermittent periods. However, that is not the issue. The issue *is*: Will funding be available to support a permanently manned space station *and provide for payloads and other station activities* which will directly benefit this Nation?

The Committee continues to believe that given the current and ongoing budget climate, it is not appropriate to fund and develop a space station for which there are no resources available to actually achieve useful benefits. The Committee is encouraged that in the past 12 months NASA has begun to recognize these budget realities and their implications for station development.

That fact has prompted NASA to recommend in its baseline assembly sequence the potential for an initial man-tended capability prior to permanently manning the station. This concept, in part, meets the Committee's principal concerns. However, although the Committee is pleased with NASA's efforts in this area, it still does not believe that the baseline assembly sequence or current planning sufficiently recognize the importance of providing for an assembly sequence that will produce *useful* results at the *outset* of station activity.

The NASA baseline assembly sequence assumes a 45-day interval between each launch. The Committee believes that this is highly optimistic and that an average of 60 to 75 days between launches is more realistic. Assuming that average, under the NASA baseline assembly sequence, little or no capability to perform experiments on the space station would be in place until almost *two years* after the first launch. Again, the Committee believes that the space station should be assembled and funded in such a manner that both external and internal payloads are producing useful scientific results as soon as possible.

In addition, the Committee has been deeply concerned that international participation in the space station be negotiated in such a way that it is not contrary to the interests of new U.S. technology developments. It would be tragic if, in the interest of international

participation, this Nation inadvertently gave up potential benefits that the space station is advertised as generating. The Committee believes that it is important that the Administration, NASA and the Congress keep in mind that the United States will provide approximately 80 percent of the funding required for the space station. Thus, the station should be built as a U.S. space station with international participation. And quite obviously, with 80 percent of station funded by this Nation, the Congress expects that approximately 80 percent of the benefits of the station shall be derived by the United States.

In that connection, it is important that all interested in the space station understand that the United States must commit substantial resources to provide just the infrastucture of the station. The foreign partners, however, are not faced with that expense, so that almost every dollar invested by the Europeans and Japanese can be devoted exclusively to providing laboratory modules, equipment, and experiments that will derive benefits from the station. Therefore, unless the United States devotes resources in an orderly and phased manner to both infrastructure *and* equipment and experiments—this Nation will certainly fail to achieve the full benefits of a space station.

The Committee is recommending a total of $410,000,000 for space station activities in 1987. Within these funds, $150,000,000 has been provided for Phase C/D development. However, in accordance with the agreement as outlined in a letter from NASA to the Committee dated August 9, 1984, the Committee is "capping" the space station program at $260,000,000, which is available for continued phase B work. Release of the balance of $150,000,000 and the request for proposal (RFP) will not be approved by the Committees on Appropriations until selected requirements are satisfied—and a plan (including a revised assembly sequence) for the implementation of such requirements is approved by the Committees.

The requirements are as follows:

1. A minimum of 37.5 kw of power shall be available on station before a habitat is launched. The NASA baseline station provides for an initial power capability of only 25 kw through assembly flight ten. The Committee believes that 25 kw is not adequate to support both the station and users during the period through NASA's proposed initial man-tended capability—and is clearly inadequate after the habitat and permanent crew are launched. The Committee notes that this recommended increase in initial power capability should in no way detract from the effort to provide for solar dynamic power. In fact, the Committee urges that after a minimum of 37.5 kw is made available during the initial operating period, an additional 50 kw of solar dynamic power be made available as soon as possible.

2. A fully equipped materials processing laboratory (including all generic equipment) shall be provided before a habitat is launched. Although the NASA baseline assembly sequence includes a man-tended laboratory launched on flight six, it does not provide for actual use of the laboratory or attached payloads until approximately flight ten or eleven—after the habitat and permanent crew are launched.

3. Sufficient funding and launch capability shall be made available to provide for early attached and pressurized payloads. Further, it is expected that both attached and pressurized payloads shall be operating for a reasonable period of time before a habitat is launched. Such representative payloads are to be identified for the Committee with approximate outyear funding requirements. The Committee believes that this approach is necessary to ensure that meaningful, useful scientific return from the space station is underway as early as possible. Also, this approach will help drive sufficient funding in the NASA budget to have experiments flown on station and working—even if dollar constraints require that completion of a permanently manned facility be delayed. In short, this approach makes available, if necessary, a true man-tended capability for immediate return on station investment.

4. Under NASA's concept of "functional allocation" it is expected that a life sciences module shall be furnished by the European Space Agency which meets the capability demanded by currently identified U.S. and international life sciences requirements. The Committee believes that if "functional allocation" is to work properly, the European contribution must include a life sciences module with appropriate capabilities. Such capabilities should include, at a minimum, animal facilities, which are absolutely essential for life science work. This does not preclude compatible material science work in such a module, but the primary function of the module must first be to fully meet the life science requirement. If no agreement can be reached on this point, then the Committee believes that a life sciences function should be provided by the United States or by a joint effort among all space station partners. In addition, the Committee expects that a fair allocation of station resources and operating costs be shared by all partners. Finally, no foreign module (exclusive of the Canadian furnished mobile service center) is to be launched *until* all of the infrastructure of the *core* U.S. station, including full power, is on orbit and functioning.

The Committee believes that with the adoption of the above requirments, the space station concept is markedly stronger as a useful space facility. These changes will assure an earlier capability—will make available an immediate return on station investment—will provide for early access to a fully equipped, pressurized laboratory—will satisfy schedule flexibility—and will, through the use of an incremental "buy it by the yard" concept, be responsive to all funding and technical constraints.

The Committee is also aware of astronaut concerns regarding the baseline design of the station. If these concerns or a restricted shuttle capability, or total program cost increases result in a major reworking of the baseline concept and/or if other design and "work package" allocation issues affect RFP timing, it is probable that the program will not be ready to proceed to development in 1987. In that case, the Committee will entertain a reprogramming and/or transfer of all or part of the $150,000,000 assumed for space station development to implement the recommendations of the Rogers Commission.

Reorganization of the space station program and, indeed, the future of our national space program are under investigation by the authorizing committees of Congress. The Committee recognizes that hasty or precipitous actions regarding the space station program may not only injure the progress of this program, but may have a negative impact upon the Nation's space ventures well into the next century.

In view of the Johnson Sapce Center's long history of success in manned space flight, the Committee believes that removing space station activities from JSC to a space flight center warrants further consultation with Congress. The Committee therefore directs NASA to halt reorganization of the space station program at JSC unless and until Congress gives its consent.

SPACE FLIGHT CONTROL AND DATA COMMUNICATIONS

1986 appropriation	$3,258,239,000
Estimate, 1987	3,069,000,000
Recommended in bill	3,038,000,000
Decrease below estimate	−31,000,000

The Space flight control and data communications account includes the program elements that provide for the national fleet of space shuttle orbiters, including main engines, launch site mission operations, control requirements, initial spares, production tooling, and related supporting activities. This account also provides the standard operational support services for the space shuttle and expendable launch vehicles, and includes tracking, telemetry, command, and data acquisition support required to meet all NASA flight projects.

The Committee recommends a total of $3,038,000,000 for this activity in fiscal year 1987. This is a decrease of $31,000,000 below the budget request and is $220,239,000 below the 1986 current level after sequestration.

Within the $31,000,000 reduction noted above, there are a number of offsetting increases and decreases occurring as a direct result of the shuttle accident. Among those offsets is a net increase of $74,000,000 for the space and ground networks, communications and data relay systems programs of the Office of Space Tracking and Data Systems. Included within that $74,000,000 net increase is a set-aside of $39,000,000 for the procurement of a replacement tracking and data relay satellite (TDRSS). The Committee is recommending a reduction of $10,000,000 to $29,000,000 in fiscal year 1987 for a replacement TDRSS satellite.

Also, NASA has set aside $37,000,000 of unspecified funds that will be applied to shuttle system anomaly resolution requirements. In that connection, the Committee directs that any additional dollars generated from savings resulting from the accident shall be added to the $37,000,000 and made available only for anomaly resolution requirements.

SPACE SHUTTLE

The Committee has long been an advocate and strong supporter of the space shuttle system. The shuttle was envisioned as being the primary national launch system—with a small number of ex-

pendable launch vehicles provided for assured access to space for critical military payloads. After the tragic loss of *Challenger,* that position must, of necessity, be reevaluated. As a part of that reevaluation, the Administration and the Congress should jointly determine whether to build a fourth orbiter—how many and what kind of additional expendable launch vehicles should be developed and put into production—what payloads the shuttle should be permitted to carry in the future—whether the western shuttle launch facility should be activated, and if so, when—and what kinds of new approaches to space flight should be pursued?

All these questions should be addressed as an integral national launch policy. The Committee urges NASA to provide leadership in addressing these issues. Clearly, one of the most important and pressing aspects of this overall policy is the question of whether a fourth orbiter should be built. On balance, the Committee believes that if the space station is to proceed to development leading to a 1992 or 1993 launch, it is probable that a four orbiter fleet is necessary to ensure that the station will be adequately supplied and manned. However, the Committee also recognizes that there is disagreement over this question. What is important is that some decision be reached in the near future. In that connection, the Committee directs that none of the funds appropriated in this bill may be used to initiate construction of a new orbiter without a formal budget amendment or supplemental request submitted to the Congress.

That direction, however, should not be interpreted as a lack of support for a new orbiter. Rather, the Committee believes that a policy decision covering all space launch issues should be fully addressed by the Administration and reviewed by Congress as soon as possible. In that connection the Committee requests that a report be submitted within 30 days following enactment of this legislation which includes an analysis of:

—The scope of U.S. space launch requirements.
—The Administration's proposed plan to provide the launch capabilities to meet those requirements.
—The role of the space shuttle system in contributing to such capabilities, including a fourth orbiter requirement.
—The cost associated with providing those requirements as they relate to the Department of Defense and NASA budgets.

CONSTRUCTION OF FACILITIES

1986 appropriation	$133,310,000
Estimate, 1987	181,300,000
Recommended in bill	166,300,000
Decrease below estimate	−15,000,000

The Committee recommends $166,300,000 for the construction of facilities in 1987. The reduction includes, without prejudice, the $8,000,000 requested for construction of a spacecraft systems development and integration facility at the Goddard Space Flight Center, and the $3,400,000 requested for construction of an addition to the Orbiter Processing Facility.

The Committee believes that because of the stand-down of shuttle launches of approximately 24 months, these projects can be de-

ferred. The balance of the reduction of $3,600,000 may be taken at the agency's discretion.

RESEARCH AND PROGRAM MANAGEMENT

1986 appropriation	$1,303,434,000
Estimate, 1987	1,441,000,000
Recommended in bill	1,425,000,000
Decrease below estimate	−16,000,000

The Committee is recommending $1,425,000,000 in fiscal year 1987, a decrease of $16,000,000 below the budget request for research and program management. The reduction has been offset with a corresponding increase in the Space flight, control, and data communications account to be applied to shuttle anomaly resolution requirements. The $16,000,000 decrease should be taken at the agency's discretion.

NATIONAL CREDIT UNION ADMINISTRATION

CENTRAL LIQUIDITY FACILITY

	Direct loan limitation	Administrative expenses
1986 limitations	($593,400,000)	($804,650)
Estimate, 1987	(600,000,000)	(850,000)
Recommended in bill	(600,000,000)	(850,000)

The National Credit Union Administration Central Liquidity Facility (CLF) was established on October 1, 1979, as authorized by the National Credit Union Central Liquidity Facility Act. The enabling legislation provides that the Facility shall exist within the National Credit Union Administration. The Facility borrows funds to supply temporary loans to member credit unions. Loans may not be made to expand a credit union's portfolio. Borrowings are made from the Federal Financing Bank.

Loans to credit unions are authorized for the following purposes:

—Short-term adjustment credit to meet temporary requirements for funds such as emergency outflows from managerial difficulties or local economic downturns;

—Seasonal credit to meet needs arising from cyclical influences found in agricultural, educational, and retail fields; and

—Protracted adjustment credit to meet longer term needs such as those caused by disintermediation or regional economic decline.

The Committee recommends a 1987 limitation of $600,000,000 on new loans as proposed in the budget. The Committee also recommends the budget estimate of $850,000 for the limitation on administrative expenses.

The Administration is proposing a 1987 limitation of $10,352,000 on administrative expenses of the National Credit Union Administration's insurance program. The bill does not contain this proposed new limitation because the Committee believes it to be unnecessary.

NATIONAL SCIENCE FOUNDATION

1986 appropriation	$1,458,329,000
Estimate, 1987	1,685,700,000
Recommended in bill	1,550,000,000
Decrease below estimate	−135,700,000

The National Science Foundation was established in 1950 and received its first appropriation of $225,000 in 1951. The primary purpose behind its creation was to develop a national policy in science and to support and promote basic research and education in the sciences, filling the void left after World War II.

The Foundation's appropriations increased at an average annual growth rate of approximately 8.5 percent in the period from fiscal year 1970 to fiscal year 1981, reaching a total of $1,022,359,000 in 1981. As part of the overall Federal budget reductions, total NSF dollars declined to $995,575,000 in 1982. For fiscal year 1983, the Foundation's funding renewed its growth with a total appropriation of $1,093,500,000. Fiscal years 1984 and 1985 saw a continuation of the trend with a funding level of $1,322,616,000 and $1,501,792,000 respectively. For fiscal year 1986 the Congress provided $1,523,855,000 for the programs of the National Science Foundation. Subsequently, as a result of Gramm-Rudman sequestration, that amount was reduced to $1,458,329,000.

The budget request for fiscal year 1987 is $1,685,700,000. The Committee has recommended $1,550,000,000 in 1987. This is a decrease of $135,700,000 below the budget estimate but an increase of $91,671,000 above the adjusted 1986 level. This increase represents the largest single increase recommended in 1987 for the operating programs of any major agency carried in the HUD—Independent Agencies Appropriations bill.

RESEARCH AND RELATED ACTIVITIES

1986 appropriation	$1,294,060,000
Estimate, 1987	1,479,000,000
Recommended in bill	1,333,300,000
Decrease below estimate	−145,700,000

The appropriation for research and related activities covers all programs in the Foundation except for science education, the U.S. Antarctic program, and the activities financed with excess foreign currencies. These are funded in other accounts in the bill. The Committee recommends an appropriation of $1,333,300,000 for research and related activities in fiscal year 1987. This is a decrease of $145,700,000 below the budget estimate.

The Committee asked during the fiscal year 1987 hearings for a detailed breakout of the Foundation's recommendations based on a current services funding level. That amount was expressed in the President's 1987 budget as approximately $1,520,000,000. Regrettably, the response of the agency was not adequate. However, the Committee is assuming that the Foundation will apply any reduction from the budget estimate on a relatively equal basis. Therefore, the Foundation may make reductions at its discretion with the following exceptions:

—The budget request for advanced scientific computing of $53,630,000 shall be increased by $1,370,000 to $55,000,000. The

increase is specifically targeted to the Phase I supercomputer centers. It is expected that these funds will help to maintain an additional one or two such centers at approximately the current level in 1987.

—The budget request of $30,050,000 for the ocean drilling program shall be maintained at that level.

—The programs for visiting professorships for women, research improvement in minority institutions, and minority research centers of excellence shall be maintained at the budget request of $10,990,000.

Language has also been included in the bill establishing the 1987 program development and management limitation at $75,000,000. The reduction of $3,000,000 below the budget request of $78,000,000 may be applied at the Agency's discretion.

Finally, as in past years, the Committee strongly urges the National Science Foundation to direct its resources and efforts toward addressing the critical imbalance in representation in regard to minorities and women in the science and engineering fields. The Committee urges the Foundation to review possibilities for redressing this problem and report its recommendations to the Congress as soon as possible.

UNITED STATES ANTARCTIC PROGRAM ACTIVITIES

1986 appropriation	$110,151,000
Estimate, 1987	117,000,000
Recommended in bill	117,000,000

The appropriation for the United States Antarctic program activities provides overall management and funding for the Antarctic program. The program is the principal expression of national interest and policy in the Antarctic. It includes projects aimed at gaining a better understanding of the Antarctic ice sheets, the influence of the continent on the world's weather and climate, and the extent and dynamics of marine protein resources as well as the mineral resource potential of the area. For fiscal year 1987, the Committee is recommending the budget estimate of $117,000,000.

SCIENCE EDUCATION ACTIVITIES

1986 appropriation	$53,161,000
Estimate, 1987	89,000,000
Recommended in bill	99,000,000
Increase above estimate	+10,000,000

The bill includes $99,000,000 for science education activities in 1987. This is an increase of $10,000,000 above the budget estimate. The Committee has strongly supported increased science education funding over many years. Therefore, the Committee believes that some increase above the $82,000,000 current program level is warranted. In that connection, the Committee has provided the additional $10,000,000 for science education activities and directs that these funds be made available for teacher training and informal science education activities.

SCIENTIFIC ACTIVITIES OVERSEAS

(SPECIAL FOREIGN CURRENCY PROGRAM)

1986 appropriation	$957,000
Estimate, 1987	700,000
Recommended in bill	700,000

For a number of years the National Science Foundation has been able to utilize government-owned excess foreign currencies of certain countries to support cooperative scientific projects of mutual benefit. These have included collecting, translating, abstracting, and disseminating foreign scientific and technical information, as well as travel of U.S. and foreign scientists involved in mutually beneficial efforts. The Committee recommends the budget estimate of $700,000 for these purposes in fiscal year 1987.

Neighborhood Reinvestment Corporation

PAYMENT TO THE NEIGHBORHOOD REINVESTMENT CORPORATION

1986 appropriation	$17,669,000
Estimate, 1987	15,285,000
Recommended in bill	18,669,000
Increase above estimate	+3,384,000

The Neighborhood Reinvestment Corporation was established by title VI of Public Law 95-557 in October 1978, to continue and expand the work of the urban reinvestment task force. The task force was a joint effort of five Federal financial supervisory agencies and the Department of Housing and Urban Development to promote reinvestment in neighborhoods.

The Corporation is committed to a policy of preservation and revitalization for the residents of urban neighborhoods. The Corporation's major activities include: establishment, support and expansion of neighborhood housing services programs in urban neighborhoods; identification, evaluation and support of neighborhood preservation projects which show promise for reversing neighborhood decline; replication of successful neighborhood preservation projects; and support of a national loan purchase pool.

The bill provides $18,669,000 for the Corporation in 1987. This is an increase of $3,384,000 above the budget estimate, and is $1,000,000 above fiscal year 1986. This increase reflects the Committee's confidence in the excellent work of the Neighborhood Reinvestment Corporation.

The $1,000,000 provided above 1986 is for secondary market capitalization. It is expected that this increase will be used to expand secondary market availability to localities which have not been able to secure private sector market capitalization.

Selective Service System

SALARIES AND EXPENSES

1986 appropriation	$26,128,420
Estimate, 1987	27,474,000
Recommended in bill	26,128,400
Decrease below estimate	−1,345,600

On January 23, 1980, the President called for resumption of registration and a revitalization of the Selective Service System. These efforts began in 1980 with a catch-up registration of two year-of-birth groups and the start of upgrading the automated data processing capability. Registration and revitalization continued in fiscal year 1981. The final catch-up registration was held the first week in January 1981 for men born in 1962. Concurrently, continuous registration was started for men as they reach 18 years of age.

The Committee recommends for 1987 the current rate of $26,128,400. This funding level represents a $1,345,600 decrease below the Administration's budget request. Savings should be obtained in the same manner as the reductions taken in the fiscal year 1986 program, as outlined for the Committee in the fiscal year 1987 hearings.

The Committee objects to the recent regulatory changes which overturn longstanding Selective Service procedures. The Committee believes these changes compromise fundamental rights of conscience and impose unjustifiable hardship on men seeking exemptions, deferments and alternative service. The Committee also believes that the Selective Service did not act in good faith either when first publishing these amendments for public comment or in responding to those comments. Therefore, bill language has been included which, upon enactment of this bill, renders null and void the amendments to the Selective Service regulations which were published in the *Federal Register* on May 14, 1986 and became effective on June 13, 1986.

The 1987 budget requested an increase in the limitation for official reception and representation expenses. In view of the current budget climate and the size of the Selective Service System, the Committee feels that the current limitation is sufficient, and the increase is disapproved.

In addition, the Committee continues to be concerned about the distribution of the classification information booklets, and again urges the Selective Service System to make copies of the booklet widely available.

Department of the Treasury

Payments to Local Government Fiscal Assistance Trust Fund

The general revenue sharing program was authorized by the State and Local Fiscal Assistance Act of 1972. It was renewed by the State and Local Fiscal Assistance Act Amendments of 1976 until September 30, 1980, by the State and Local Fiscal Assistance Act Amendments of 1980 until September 30, 1983, and the Local Government Fiscal Assistance Amendments of 1983 until September 30, 1986. Prior to the passage of the 1976 Act, funds were made available from permanent appropriations. Subsequent renewal legislation has required that an annual appropriation be made by the Congress.

The revenue sharing program has provided general fiscal assistance, distributed by statutory formula, to approximately 39,000 general-purpose governments. Since inception of the program through fiscal year 1986, $82,634,051,000 has been appropriated.

The authorization for the general revenue sharing program expires at the end of fiscal year 1986. The Administration opposes the continuation of this program after fiscal year 1986. The Committee has not included funding in this bill for general revenue sharing payments because it is not authorized. This action is in agreement with the assumptions in the budget resolution.

OFFICE OF REVENUE SHARING, SALARIES AND EXPENSES

1986 appropriation	$7,382,200
Estimate, 1987	5,560,000
Recommended in bill	5,560,000

The Office of Revenue Sharing was established in 1972 to administer the general revenue sharing program as authorized by the State and Local Fiscal Assistance Act of 1972. It is the responsibility of the Office to compute and distribute revenue sharing funds and maintain adequate controls to ensure integrity of the trust funds; supply information and technical assistance to all recipients to assure compliance with the Act; improve the quality of State and local audits to eliminate noncompliance with audit requirements; ensure compliance with the nondiscrimination and public participation provisions of the Act; and regularly report to Congress, recipient governments and the general public.

The bill includes the budget request of $5,560,000 for expenses of the Office of Revenue Sharing in fiscal year 1987. This appropriation will provide for the orderly termination of activities.

Veterans Administration

The Veterans Administration is the third largest Federal agency in terms of employment with approximately 223,000 employees. It administers benefits for 27,800,000 veterans, 49,400,000 family members of living veterans, and 2,100,000 survivors of deceased veterans. Thus, 79,300,000 people, comprising about 33 percent of the total population of the United States, are potential recipients of veterans benefits provided by the Federal Government.

A total of $26,115,242,000 in new budget authority is recommended by the Committee for Veterans Administration programs in fiscal year 1987. The funds recommended provide for compensation payments to 2,542,850 veterans and survivors of deceased veterans with service-connected disabilities; pension payments for 1,268,780 non-service-connected disabled veterans, widows and children in need of financial assistance; educational training and vocational assistance to 360,100 veterans and 42,400 sons, daughters, wives and widows of deceased veterans or seriously disabled veterans; housing credit assistance in the form of 350,000 guaranteed loans for an aggregate total of approximately 12,598,000 loans to veterans and servicepersons with a principal value of nearly $280,000,000,000; supervision of life insurance programs with 7,010,893 policies for veterans and active duty servicepersons providing coverage exceeding $195,000,000,000; inpatient care and treatment of beneficiaries in 172 hospitals, 16 domiciliaries, 119 nursing homes and other facilities; outpatient medical treatment involving 18,564,000 visits; and the administration of the Department of Memorial Affairs for burial of eligible veterans, servicepersons and their survivors.

COMPENSATION AND PENSIONS

1986 appropriation	$14,426,999,000
Estimate, 1987	14,364,400,000
Recommended in bill	14,364,400,000

This appropriation provides funds for service-connected compensation payments to an estimated 2,542,850 beneficiaries and pension payments to another 1,268,780 beneficiaries with non-service-connected disabilities. The average cost per compensation case in 1987 is estimated at $4,092 and pension payments are projected at a unit cost of $3,014. The estimated caseload and cost by program for 1986 and 1987 are as follows:

	1986	1987	Difference
Caseload:			
Compensation:			
Veterans	2,231,650	2,217,150	−14,500
Survivors	332,000	325,700	−6,300
Pensions:			
Veterans	668,000	634,440	−33,560
Survivors	697,170	634,340	−62,830
Vocational training	(430)	(1,600)	(+1170)
Burial benefits	120,700	116,000	−4,700
Funds:			
Compensation:			
Veterans	$8,406,325,000	$8,306,064,000	−$100,261,000
Survivors	2,041,100,000	2,076,900,000	+35,800,000
Pensions:			
Veterans	2,505,150,000	2,495,800,000	−9,350,000
Survivors	1,327,050,000	1,326,400,000	−650,000
Vocational training	485,000	1,800,000	+1,315,000
Burial benefits	123,103,000	128,082,000	+4,979,000
Other assistance	6,211,000	6,318,000	+107,000
Miscellaneous adjustments	17,575,000	23,036,000	+5,461,000
Total appropriation	14,426,999,000	14,364,400,000	−62,599,000

The Administration has again proposed dividing the compensation and pensions appropriation into three separate accounts: compensation, pensions, and burial benefits and miscellaneous assistance. The Committee has again disapproved this proposal and recommends $14,364,400,000 in a single compensation and pensions appropriation in fiscal year 1987.

The 1987 pensions budget request includes funds for a proposed cost-of-living increase of 3.7 percent. Legislation has been proposed providing a similar cost-of-living increase for compensation beneficiaries. Legislation has also been proposed to make the eligibility requirements for the burial plot allowance consistent with eligibility requirements for the basic burial allowance. The Committee recognizes that supplemental funding may be necessary when final disposition of the proposed legislation is known.

READJUSTMENT BENEFITS

1986 appropriation	$877,569,000
Estimate, 1987	741,150,000
Recommended in bill	741,150,000

This account finances the education, training, and rehabilitation of veterans and servicepersons who served after February 1, 1955, and before January 1, 1977. In addition, veterans and servicepersons eligible for benefits under the two new peacetime educational programs are funded in this appropriation. The appropriation also finances educational assistance allowances for eligible dependents of veterans who die from service-connected causes, were captured or missing in action, or have a total and permanent rated service-connected disability.

The Committee recommends the budget estimate of $741,150,000 for readjustment benefits in fiscal year 1987. The estimated number of trainees and costs by program are as follows:

	1986	1987	Difference
Number of trainees:			
Education and training:			
Post-Korean conflict veterans and servicepersons	321,100	252,200	−68,900
Dependents	51,800	42,400	−9,400
All-Volunteer Force Educational Assistance:			
Veterans		800	+800
Reservists	55,900	81,600	+25,700
Special assistance to disabled veterans:			
Vocational rehabilitation	26,000	25,500	−500
Total	454,800	402,500	−52,300
Funds:			
Education and training:			
Post-Korean conflict veterans and servicepersons	$657,888,000	$518,116,000	−$139,772,000
Dependents	116,031,000	99,305,000	−16,726,000
All-volunteer force educational assistance:			
Veterans benefits		900,000	+900,000
Reservists benefits	41,113,000	69,931,000	+28,818,000
Special assistance to disabled veterans:			
Vocational rehabilitation	100,937,000	105,622,000	+4,685,000
Housing grants	13,779,000	12,075,000	−1,704,000
Automobiles and other conveyances	3,114,000	2,750,000	−364,000
Adaptive equipment	8,862,000	9,382,000	+520,000
Unobligated balances and other adjustments	−64,155,000	−76,931,000	−12,776,000
Total appropriation	877,569,000	741,150,000	−136,419,000

VETERANS INSURANCE AND INDEMNITIES

1986 appropriation	$9,745,000
Estimate, 1987	4,770,000
Recommended in bill	4,770,000

The veterans insurance and indemnities account consists of the former appropriations for military and naval insurance applicable to the World War I veterans; national service life insurance applicable to certain World War II veterans; and servicemen's indemnities applicable to Korean conflict veterans. This appropriation also provides supplemental funds for the service-disabled veterans insurance funds. Financing is provided primarily by direct appropriation with a small contribution from premiums.

The budget estimate of $4,770,000 for fiscal year 1987 is included in the bill. This will cover the cost to various insurance funds for claims traceable to the extra hazards of service and death claims

on policies under waiver of premiums while the insured is on active duty.

MEDICAL CARE

1986 appropriation	$9,138,137,000
Estimate, 1987	[1] 9,085,543,000
Recommended in bill	9,488,612,000
Increase above estimate	+403,069,000

[1] Includes budget amendment of $1,560,000 requested in House Document 99-232.

This appropriation provides for medical care and treatment of eligible beneficiaries in VA hospitals, nursing homes, domiciliaries and outpatient facilities; contract hospitals; state domiciliaries, nursing homes and hospitals; contract community nursing homes; and outpatient programs on a fee basis. Hospital and outpatient care is also provided by the private sector for certain dependents and survivors of veterans under the civilian health and medical programs of the Veterans Administration. Funds also are used to train medical residents and other professional, paramedical and administrative personnel in health-science fields to support the VA's medical programs.

The Veterans Administration initially requested $9,083,983,000 to support a staffing level of 185,093 for medical care in 1987. This is a reduction of 8,848 FTE below the 1986 level of 193,941. These resources would provide for an estimated 1,247,667 inpatients and 16,676,000 outpatients to be treated in VA hospitals in 1987.

The Committee does not agree that hospital staffing should be reduced. Such action would decrease the number of patients treated below the current level. Further, there is a growing demand, primarily due to the increasing number of aging veterans, for VA medical care. Accordingly, the bill has been increased by $396,159,000 to support an additional 8,848 FTE in 1987. It is expected that these additional resources will permit the VA to provide treatment for an estimated 65,482 inpatients and 1,264,000 outpatients above the Administration's 1987 requested levels.

The bill includes funds to maintain the existing staffing levels. However, the Committee is aware that circumstances at individual hospitals may change and directs that if reductions in the provision of medical services, including outpatient treatment for non-service-connected veterans are necessary, such reductions should not be disproportionately applied to individual hospitals, but phased in on an equitable basis.

Recent information indicates the VA is treating more patients with the funds provided. The agency is to be commended for increasing productivity. The Committee believes that any increase in the number of veteran patients that can be treated is an excellent way to help meet the increasing demand for medical care.

In a budget amendment (House Document 99-232, dated June 9, 1986), the VA requested an additional $1,560,000 to support 99 FTE to implement reforms in medical care eligibility of veterans with non-service-connected medical needs. The Committee does not believe the budget amendment requests sufficient funds to implement the so-called "third party reimbursement" and "means test" legislation. Therefore, the bill includes $8,470,00 to support 459 FTE to

implement these legislative changes. This is the level of resources originally requested of OMB by the VA. This amount is $6,910,000 and 360 FTE above the budget amendment and will ensure that hospital staffing is not reduced.

In total, the Committee is recommending $9,488,612,000 for medical care in fiscal year 1987. This level of funding will support an average employment level of 194,400.

The Committee is pleased that an affiliation agreement has been approved between the Bay Pines Veterans Administration Medical Center and the University of South Florida College of Medicine. The Committee is also pleased to note that the affiliation program was implemented in a prompt manner and that ten residents were assigned to Bay Pines effective July 1, 1986.

The Committee is concerned, however, that the Veterans Administration does not directly fund the Bay Pines affiliation program. Rather, funding is provided through another VA facility. The Committee is also concerned that the Veterans Administration has not provided adequate resources for costs associated with the start-up and support of this program. Given the VA's longstanding support of medical school affiliations with medical centers, and the belief that these affiliations improve the quality of veteran's medical care, the Committee would expect that the VA provide such funds as may be necessary to fully implement the Bay Pines-University of South Florida affiliation agreement.

The Committee is aware that the Chief Medical Director has under review cardiac surgical services presently available at 51 VA medical centers to determine which hospitals should continue to offer these services. In determining which hospitals meet the caseload criteria, the Committee urges that fiscal year 1986 or the most recently available figures be considered.

MEDICAL AND PROSTHETIC RESEARCH

1986 appropriation	$181,126,930
Estimate, 1987	188,915,000
Recommended in bill	193,915,000
Increase above estimate	+5,000,000

This account includes medical, rehabilitative and health services research. Medical research is an important aspect of VA programs providing complete medical and hospital service for veterans. The prosthetic research program is also essential in the development and testing of prosthetic, orthopedic and sensory aids for the purpose of improving the care and rehabilitation of eligible disabled veterans, including amputees, paraplegics and the blind. The centers provide unique opportunities to improve the economy of delivery of health services and the accessibility of such services.

The Committee continues to believe that with a small investment of research dollars the payoff is extraordinary. In addition, there needs to be a balance between medical care and research funding.

The bill includes $193,915,000 for medical and prosthetic research in fiscal year 1987. The $5,000,000 increase above the budget request includes $1,500,000 for rehabilitative research with the balance to be distributed at the discretion of the Veterans Administra-

tion. The amount of funding recommended will support an average employment of 4,441, an increase of 175 above the budget request.

MEDICAL ADMINISTRATION AND MISCELLANEOUS OPERATING EXPENSES

1986 appropriation	$51,221,691
Estimate, 1987	42,694,000
Recommended in bill	41,694,000
Decrease below estimate	−1,000,000

This appropriation provides for the administration and supervision of all agency medical programs by the Chief Medical Director and his staff. It also includes funds for the continuing education of central office employees.

In 1987, postgraduate and inservice training is proposed to be transferred to the medical care appropriation and to the medical administration program. The transfer to medical care for training of field personnel accounts for approximately $8,400,000 of the reduction in the 1987 request.

The 1987 budget also proposes the discontinuance of the nurse scholarship program. The 1986 program level for this program is $338,000.

In addition, 73 FTE, primarily from the facility, engineering, planning and construction office, are proposed to be transferred to the Office of Construction. This is part of the proposed reorganization of the construction program. The FTE to be transferred cost approximately $3,400,000 in 1986. The Committee is aware that the VA may modify its proposed reorganization and urges that any changes be submitted as soon as possible.

The Committee recommends $41,694,000 for medical administration and miscellaneous operating expenses in fiscal year 1987. The $1,000,000 reduction below the budget estimate is to be taken at the discretion of the VA from lower priority items, and as a result of greater efficiency due to the proposed reorganization of the construction program.

GENERAL OPERATING EXPENSES

1986 appropriation	$704,835,340
Estimate, 1987	763,531,000
Recommended in bill	763,531,000

The general operating expenses appropriation provides for the administration of nonmedical veterans benefits through the Department of Veterans Benefits, operation and maintenance of 141 cemeterial activities by the Department of Memorial Affairs and top management direction and support.

The Committee recommends the budget estimate of $763,531,000 for general operating expenses in fiscal year 1987. This is an increase of $50,695,660 above the 1986 appropriation when the $8,000,000 transferred from the medical care account is taken into consideration.

Recent legislation has switched the cost of appraisals performed on a contractual basis in connection with the liquidation of VA guaranteed housing loans from the general operating expenses appropriation to the loan guaranty fund. The VA estimates that $6,500,000 will now be available in the 1987 general operating ex-

penses appropriation as a result of that legislation. Those additional funds may be used to hire approximately 240 employees in the loan guaranty program. This will help reduce the loan guaranty backlog caused by reduced mortgage rates.

The Committee has been informed that the VA has, in some instances, permitted contract appraisers to review the work of fee appraisers. Review appraisals should be done by VA employees. The Committee expects that VA personnel will perform all review appraisals, rather than contracting out for such services.

Finally, the VA proposes the consolidation of the St. Paul Insurance Center into the Insurance Center at Philadelphia in 1987. The decision to consolidate these two centers is based on a cost-benefit analysis. Questions have been raised regarding the proposed savings. The General Accounting Office is currently studying this proposal. To allow time for the GAO to complete its study and for that information to be reviewed, language has been included in the bill blocking the closure of the St. Paul Insurance Center in 1987.

CONSTRUCTION, MAJOR PROJECTS

1986 appropriation	$485,544,000
Estimate, 1987	301,208,000
Recommended in bill	382,708,000
Increase above estimate	+81,500,000

The appropriation for the construction of major projects includes those estimated to cost $2,000,000 or more. It finances the construction of new facilities and the modernization, alteration and improvement of others.

The major construction project request for fiscal year 1987 is $358,208,000. This amount includes an appropriation of $301,208,000 and the use of $57,000,000 in savings from completed projects. The Committee recommends $439,708,000 for the major construction program in fiscal year 1987. This program level consists of an appropriation of $382,708,000 for construction, major projects and the use of $57,000,000 in savings from completed construction projects.

The increase of $81,500,000 above the budget estimate consists of the following changes:

+$77,700,000 for the outpatient and clinical addition and alterations project at New York City. This amount, together with the $17,700,000 appropriated in 1985 will provide the full funding of $95,400,000 estimated for this project.

+$6,000,000 for site acquisition of a new medical center at Palm Beach. The project is currently estimated to cost $147,500,000.

+$5,300,000 for design of a replacement medical center at Pittsburgh (Aspinwall Division). The project is currently estimated to cost $53,200,000.

+$1,500,000 for the design of a 120-bed nursing home care unit/parking garage structure project at New Orleans. The project is currently estimated to cost $36,000,000 and the VA's schedule calls for construction funding in 1989.

−$9,000,000 for the parking garage structure component of the replacement medical center at Baltimore, Maryland. The VA can fund this part of the hospital project from the appropriation for the

parking garage revolving fund. It is the Committee's intention that all parking garage structures be funded out of the newly created revolving fund.

The specific amounts recommended by the Committee are as follows:

CONSTRUCTION, MAJOR PROJECTS, FISCAL YEAR 1987

Item and location	Appropriation	
	Available through 1986	Recommended for 1987
Replacement and modernization:		
Augusta (Uptown Division), GA, replacement medical center	$12,400,000	$84,600,000
Baltimore, MD, replacement and modernization	10,800,000	101,200,000
Dayton, OH, replacement and modernization		8,400,000
New York, NY, outpatient and clinical addition and alterations	17,700,000	77,700,000
North Chicago, IL, environmental improvements, patient and nursing home care buildings		9,200,000
Palm Beach, FL, new medical center		6,000,000
Pittsburgh (Aspinwall District), PA, replacement medical center		5,300,000
Total, replacement and modernization	40,900,000	292,400,000
Nursing home care facilities: New Orleans, LA 120-bed nursing home care unit/parking structure (design)		1,500,000
Research and education: White River Junction, VT, research and education building		9,300,000
Advance planning fund: Various stations		5,000,000
Asbestos abatement: Various stations		9,908,000
Clinical improvements:		
Salem, VA, outpatient, clinical, and nursing unit addition		66,300,000
Salisbury, NC, geropsychiatric building		19,000,000
Total, clinical improvements		85,300,000
Design fund: Various stations		19,000,000
Electrical improvement: Salt Lake City, UT, electrical distribution		6,600,000
Fire and safety improvements: Milwaukee (Wood), WI, fire and safety improvements		8,400,000
General projects: Waco, TX, renovate buildings 10 and 90		9,700,000
Cemetery projects: Various stations, design fund		600,000
Subtotal, major construction program		447,708,000
Less: FY 1986 design fund [1]		−8,000,000
Total, major construction program	40,900,000	439,708,000
Reprogrammings from prior appropriations		−57,000,000
Total, major construction appropriation	40,900,000	382,708,000

[1] This amount represents the design funding included in individual fiscal year 1987 projects which will be funded from the fiscal year 1986 design fund.

The Committee is concerned that the design fund is not saving time and money as originally envisioned. The bill includes the $19,000,000 requested for the design fund in 1987. If savings closer to the level originally anticipated do not materialize, the Committee will find it difficult to continue providing design funds in subsequent years.

For several years, primarily because of economic circumstances, the VA has experienced few cost overruns on construction projects. That situation is changing. The VA now has more cost overruns on construction projects than it has savings in the working reserve. This presents a dilemma of what to do—which projects to fund from available resources. The Committee does not want the situation to end up similar to that which existed several years ago—namely, reducing the scope or cutting parts of projects to fit the available funds and subsequently utilizing other appropriations to make up the difference. The VA should only descope a project or delete certain parts if it determines that those changes are to be permanent. Otherwise, the VA should request reprogramming of additional funds from the working reserve, a supplemental appropriation, or wait until the next budget cycle to request additional funding. Changing a project that leaves any hospital with less than a useable facility is not acceptable. The VA is to report to the Committee with proposals to address this type of situation by September 1, 1986.

The final Environmental Impact Statement (EIS) for the proposed replacement/modernization of the Veterans Administration Medical Center at Allen Park has recently been released. The Administrator may not make a decision regarding the location of the replacement/modernization project until 30 days after publication of the final EIS. The preference is to build a new medical center in Detroit adjacent to the Detroit Medical Center.

The Committee believes that the veterans in Michigan would be better served by a dual campus facility. A new replacement hospital at Detroit should be built to provide ambulatory, medical and surgical care. The Committee urges the VA to retain the Allen Park hospital as a nursing home and long term care facility and directs that the VA prepare plans to provide for such a conversion.

CONSTRUCTION, MINOR PROJECTS

1986 appropriation	$131,061,092
Estimate, 1987	106,962,000
Recommended in bill	65,562,000
Decrease below estimate	−41,400,000

This appropriation provides for constructing, altering, extending and improving facilities under the jurisdiction of the Veterans Administration, including planning, architectural engineering services and site acquisition where the estimated cost per project is less than $2,000,000. Funding is also included for the expenses of the Office of Facilities, which will be created through an administrative reorganization combining the current Office of Construction with the Facility Engineering, Planning, and Construction (FEPAC) Office within the Department of Medicine and Surgery.

The 1987 request compared to 1986 follows:

	1986	1987 request	Difference
Minor construction projects	$96,691,818	$68,077,000	−$28,614,818
General administration	34,369,274	38,885,000	+4,515,726
Total	131,061,092	106,962,000	−24,099,092
Average employment	684	733	+49

The bill includes $65,562,000 for minor construction projects in fiscal year 1987. This is a decrease of $41,400,000 below the budget estimate. The reduction is taken because the unobligated balances at the beginning of the year have continued to increase and as a partial offset to the increases in the major construction account.

Also included in the bill is a limitation of $37,885,000 for the Office of Facilities. The reduction of $1,000,000 in the limitation is to be taken at the discretion of the VA as a result of greater efficiency due to the reorganization of the construction program.

PARKING GARAGE REVOLVING FUND

(INCLUDING TRANSFER OF FUNDS)

The Committee has been concerned with providing construction funds for employee parking at VA medical facilities. In times of fiscal constraint, parking facilities for employees have to be a lower priority. Last year, the Congress deleted funds requested for parking garages at Durham, Philadelphia, and Syracuse. This action was taken because these projects were considered lower priority and as a partial offset to the increased funding recommended for medical care.

While the Committee recognizes the relative priority of providing funds for parking garages, it also recognizes the need for increased parking at some hospitals. To address this matter, the Committee believes that parking fees should be charged as an offset to providing construction funding. The Administrator of Veterans Affairs is currently authorized by 38 U.S.C. 5009 to construct, alter, operate and maintain garages and parking facilities for employees and other individuals having business at VA medical facilities. The Administrator is also authorized to establish and collect fees for the use of such garages and parking facilities at such rates as the Administrator determines are reasonable.

The Committee understands that the legislative committees intend to modify the existing statute. The modifications would, among other things, allow the Administrator to determine which facilities should charge a parking fee, the fee to be charged, and who would pay. Receipts from the fees would be deposited in the parking garage revolving fund. These receipts, along with appropriations, would be used to fund all future parking structures. The Administrator would choose which projects would be funded from the revolving fund. In cases where the parking garage is only a component of a larger construction project, funds from the revolving fund would be used with construction, major projects funds.

In an effort to treat all parking garages equitably, the Committee has not provided $9,000,000 of the $110,200,000 requested under construction, major projects for the replacement hospital at Baltimore. This is the amount of the request assumed for the parking garage component of the hospital project.

Language has also been included in the bill which transfers $4,000,000 to the revolving fund from the parking garage component of the 1984-funded San Francisco 120-bed nursing home care unit and parking garage project. This is the amount of that major construction appropriation assumed for the two-story parking structure.

To permit the highest priority parking garages to be constructed, the Committee has included $26,000,000 in new funds and a $4,000,000 transfer in the bill for capitalization of the parking garage revolving fund. While it is intended that the Administrator choose which parking structures will be built, the Committee would expect the $30,000,000 available in 1987 to fund parking garages at Baltimore, Durham, San Francisco, and Syracuse.

GRANTS FOR CONSTRUCTION OF STATE EXTENDED CARE FACILITIES

1986 appropriation	$20,822,000
Estimate, 1987	42,400,000
Recommended in bill	42,400,000

This program provides grants to assist States to construct State home facilities for furnishing domiciliary or nursing home care to veterans, and to extend, remodel or alter existing buildings for furnishing domiciliary, nursing home or hospital care to veterans in State homes. A grant may not exceed 65 percent of the total cost of the project, and grants to any one State may not exceed one-third of the amount appropriated in any fiscal year. Grants for State nursing facilities may not provide for more than four beds per thousand veteran population in any State.

The budget request of $42,400,000 is recommended for grants for construction of State extended care facilities in fiscal year 1987. This amount will provide for four projects which will produce 120 additional nursing home, 126 convertible, and 150 domiciliary beds as well as 12 non-bed-producing renovation projects in eight States.

GRANTS TO THE REPUBLIC OF THE PHILIPPINES

1986 appropriation	$473,500
Estimate, 1987	500,000
Recommended in bill	500,000

The program provides a grant to the Philippine government for equipment replacement and upgrading or rehabilitation of plant and facilities at the Veterans Memorial Medical Center at Manila.

The bill includes the budget estimate of $500,000 for the grant to the Republic of the Philippines. This grant will assure the continued effective care and treatment of U.S. veterans at the Medical Center.

DIRECT LOAN REVOLVING FUND

(LIMITATION ON DIRECT LOANS)

The revenues and receipts from direct loan operations make funds available for the extension of credit to severely disabled veterans for specially adapted housing and for current expenses, excluding administrative expenses. In 1987, eight direct loans in the amount of $230,000 are expected to be closed.

The VA requests that the dollar limitation for specially adapted housing direct loans be removed in 1987. The Committee recommends retaining the $1,000,000 limitation.

TITLE III

CORPORATIONS

Federal Home Loan Bank Board

LIMITATION ON ADMINISTRATIVE EXPENSES, FEDERAL HOME LOAN BANK BOARD

1986 limitation	$29,150,000
Estimate, 1987	32,193,000
Recommended in bill	27,693,000
Decrease below estimate	−4,500,000

The Federal Home Loan Bank Board formulates policies for and supervises the operation of the 12 Federal home loan banks, the system of Federal savings and loan associations, the Federal Savings and Loan Insurance Corporation, and the Federal Home Loan Mortgage Corporation. The administrative expenses of the Federal Home Loan Bank Board are paid from assessments against the 12 Federal home loan banks and the Federal Savings and Loan Insurance Corporation.

The 1987 budget proposed a limitation of $32,193,000 for the Federal Home Loan Bank Board's administrative expenses. However, subsequent to submission of the President's budget, the Bank Board proposed to transfer the functions of the Office of Examinations and Supervision from the jurisdiction of the Federal Home Loan Bank Board to the district banks. The Committee supports this transfer and has made a corresponding reduction of $4,800,000 associated with the administrative expenses of the Office of Examinations and Supervision.

The Committee's recommendation is based to a large extent on the successful experience with the transfer of the field examination and supervision staff to the district banks in 1985. The increased flexibility provided by that transfer has permitted the examination workforce to be substantially expanded and strengthened. Clearly, more rigorous and effective examinations and oversight are required to meet the potential problems of the increasingly complex thrift industry. The Committee believes the proposed transfer of the Office of Examinations and Supervision will complement last year's changes and further strengthen oversight of the thrift industry. However, no further transfers of the Bank Board's functions are envisioned in the future.

The Committee has also earmarked $800,000 in the bill for the training of State examiners. This is an increase of $300,000 above the request and the level provided in 1986. Because State supervisory activities complement the work of the district banks' field staff, these examinations directly impact the potential loss exposure of the FSLIC. Additional training is critical to upgrade the quality and scope of State examinations, and the Committee believes it is appropriate that the Federal Home Loan Bank Board provide this support. The $800,000 included for State examiner

training is to be divided evenly between training/tuition fees and travel costs.

FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION

LIMITATION ON ADMINISTRATIVE EXPENSES

1986 limitation	$1,378,000
Estimate, 1987	1,466,000
Recommended in bill	1,466,000

The Committee recommends a limitation of $1,466,000 on the administrative expenses of the Federal Savings and Loan Insurance Corporation. This amount is identical to the budget request.

The Federal Savings and Loan Insurance Corporation is authorized under title IV of the National Housing Act to insure savings in all Federal savings and loan associations and in State-chartered savings and loan institutions which apply and qualify for insurance. This protection, which insures each saver in a member association against financial loss up to a statutory limit of $100,000, may be provided either through the prevention of defaults or the payment of insurance to savings account holders in the event of liquidation. The Corporation is also authorized to make loans to institutions in financial difficulty. The Corporation functions under the direction of the Federal Home Loan Bank Board, which provides administrative services.

TITLE IV

GENERAL PROVISIONS

The Committee recommends that the general provisions applicable to the Department and agencies carried in the current fiscal year be continued in fiscal year 1987, with one exception. The provision previously carried regarding disapproved regulations is no longer necessary and has been deleted.

Transfer of Funds

Pursuant to Clause 1(b), Rule X of the Rules of the House of Representatives, the following statement is made describing the transfers of funds provided in the accompanying bill.

The Committee recommends that not to exceed $306,962,000 be transferred from the various funds of the Federal Housing Administration to salaries and expenses of the Department of Housing and Urban Development. This will allow funds for activities of the Federal Housing Administration to be carried in a consolidated account covering all operating expenses of the Department.

The Committee recommends that $5,385,000 be transferred from disaster relief to FEMA's salaries and expenses account to fund all costs of disaster assistance employees located at the headquarters and regional offices.

The Committee recommends that $9,300,000 be transferred from the National Flood Insurance Fund to salaries and expenses of the Federal Emergency Management Agency (FEMA) to fund all administrative costs from one account. In addition, $45,200,000 is recommended for transfer from the National Flood Insurance Fund to

FEMA's emergency management planning and assistance account to continue the present method of funding flood plain management activities.

The Committee recommends that $4,000,000 be transferred from VA's construction, major projects account to the parking garage revolving fund. This will allow the parking structure component of the 1984-funded San Francisco 120-bed nursing home care unit and parking structure project to be funded on an equitable basis with other parking structure projects.

The Committee recommends providing authority during 1987 to allow the Veterans Administration to transfer unobligated balances in the direct loan revolving fund to the loan guaranty revolving fund. This will permit available funds in the direct loan revolving fund to be used for losses sustained in the loan guaranty program.

The Committee recommends providing authority under administrative provisions for the Veterans Administration to transfer not to exceed five per centum of any appropriation for 1987 for compensation and pensions, readjustment benefits, and veterans insurance and indemnities to any other of the mentioned appropriations, not to exceed ten per centum of the appropriations so augmented. This will provide the Veterans Administration flexibility in administering its entitlement programs.

Rescission of Funds

Pursuant to Clause 1(b), Rule X of the Rules of the House of Representatives, the following statement is made describing the rescission of funds provided in the accompanying bill.

The Committee recommends the proposed rescission under the Department of Housing and Urban Development, annual contributions for assisted housing, of recaptured budget authority and annual contract authority, estimated to be $264,362,000 and $14,400,000, respectively.

The Committee recommends the proposed rescission of not more than $2,900,000 of annual contract authority under the rent supplement program in the Department of Housing and Urban Development. The Department proposes to convert the remaining units under the rent supplement program to the Section 8 program by the end of 1986. This authority, which was previously provided under the rent supplement program, will be recaptured and is no longer required.

The Committee recommends the proposed rescission of not more than $3,500,000 of annual contract authority under the rental housing assistance program in the Department of Housing and Urban Development. The Department proposes to convert projects under the rental assistance payments program to the Section 8 program in 1986. The number of units eligible for payment is estimated to decline by 1,000 in 1987 due to mortgage insurance terminations. Additionally, authority is no longer required for rebates. Therefore, authority previously provided under the rental housing assistance program will be recaptured and is no longer required.

Compliance With Rule XIII—Clause 3

In compliance with Clause 3 of Rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

Section 17(f) of the United States Housing Act of 1937 is amended as follows to improve the operation of the rental rehabilitation program:

(f) Applicability of Requirements or Agreements.—Requirements imposed by or agreements made with States and units of general local government regarding rents in structures assisted under this section (including requirements relating to the rents which may be charged after rehabilitation) shall not apply to a structure assisted under this section unless (1) such requirements are imposed or agreements are entered into pursuant to a State law or local ordinance of general applicability which was enacted and in effect in that jurisdiction prior to the date of enactment of this section, and (2) such requirements or agreements would apply generally to structures not assisted under this section. *This subsection shall not apply to requirements relating to rents imposed on a structure by a State as a condition of receiving State financial assistance for the rehabilitation of such structure, if the dollar amount of such State financial assistance (including the principal amount of loans) exceeds the dollar amount of financial assistance provided for such structure under this section.*

Inflationary Impact Statement

Clause 2(l)(4) of Rule XI of the House of Representatives requires that each Committee report on a bill or resolution shall contain a statement whether enactment of such bill or resolution may have an inflationary impact on prices and costs in the operation of the national economy.

Critics of Government spending suggest that practically any spending by Government is inflationary. If that were true, then the funds proposed in this bill would be inflationary. However, all Federal spending is not inherently inflationary. It should be analyzed in the context of the economic situation in which it occurs, the financial condition of Government at the time, and the sectors of the economy which the spending may affect.

The amount proposed for appropriation totals $54,006,168,700. This is $10,819,285,700 above the President's request. Included in the total recommended are funds for veterans benefits, assisted housing, community development grants and environmental programs. Other funds will support advanced technology and science that directly and indirectly increase productivity.

It is the considered opinion of the Committee that enactment of this bill will not have an inflationary impact on prices and costs in the operation of the national economy. Further information on the purpose of the spending proposed in this bill can be obtained in other parts of this report. Also, a large amount of detailed statistical and financial information can be obtained in the hearings conducted in developing this bill.

Changes in the Application of Existing Law

The Committee submits the following statements in compliance with Clause 3, Rule XXI of the House of Representatives, describing the effects of provisions proposed in the accompanying bill which may be considered, under certain circumstances, to change the application of existing law, either directly or indirectly.

The Committee, in a number of instances, has found it necessary to recommend funding for ongoing activities and programs where authorizations have not been enacted to date. This includes some or all of the programs under the Department of Housing and Urban Development, the Consumer Product Safety Commission, the Environmental Protection Agency, the Federal Emergency Management Agency, the National Aeronautics and Space Administration, the National Science Foundation and the Neighborhood Reinvestment Corporation.

In some cases, the Committee has recommended appropriations which are less than the maximum amounts authorized for the various programs funded in the bill. Whether these actions constitute a change in the application of existing law is subject to interpretation, but the Committee felt this should be mentioned.

The bill provides that several appropriations shall remain available for more than one year for which the basic authorizing legislation does not presently authorize such extended availability. Most of these items have been carried in previous appropriations Acts. The Committee deems such language desirable in order to provide for the effective use of the funds.

The Committee has included limitations for official reception and representation expenses for selected agencies in the bill.

The bill contains administrative provisions under the Veterans Administration, which could possibly be construed as changing the application of existing law.

Sections 401 through 414 of title IV of the bill, all of which are carried in the 1986 HUD—Independent Agencies Appropriations Act, are general provisions which place limitations on the use of funds in the bill and which might, under some circumstances, be construed as changing the application of existing law.

The bill includes, in certain instances, limitations on the obligation of funds for particular functions or programs. These limitations include restrictions on the obligation of funds for administrative expenses, the use of consultants, and programmatic areas within the overall jurisdiction of a particular agency.

The appropriation language on page 3, in connection with annual contributions for assisted housing, provides that certain restrictions concerning a demonstration program and the use of funds in connection with the rental rehabilitation program shall not apply to the voucher program, and could be construed as changing the application of existing law.

The provision on pages 3 and 4, in connection with annual contributions for assisted housing, applies additional criteria for vacancy rates for the use of rental development funds, and could be construed as changing the application of existing law.

The provision on page 4, in connection with annual contributions for assisted housing, providing that certain allocation criteria shall

not apply, could be construed as changing the application of existing law.

The provision on page 4, in connection with annual contributions for assisted housing, provides that recaptured authority shall be rescinded.

The appropriation language on pages 4 and 5, in connection with annual contributions for assisted housing, excludes under some circumstances certain rent requirements and could be construed as changing the application of existing law.

The appropriation language on page 5, in connection with the rent supplement program, reduces the uncommitted balances of previously provided authority by not more than $2,900,000.

The appropriation language on page 5, in connection with rental housing assistance, reduces the uncommitted balances of previously provided authority by not more than $3,500,000.

The provisions on page 6, in connection with the housing for the elderly or handicapped fund, provide for certain loan conditions, provide borrowing authority for the Secretary, limit loans made in fiscal year 1987 to an interest rate which does not exceed 9.25 per centum, and provide that the receipts and disbursements of the fund shall be included in the totals of the Budget of the U.S. Government.

The language on page 8, in connection with troubled projects operating subsidy, permitting the use of excess rental charges and, under certain circumstances, assistance payments to an owner of a multifamily housing project assisted but not insured under the National Housing Act, could be construed as changing the application of existing law.

The appropriation language on page 8, in connection with the Federal Housing Administration Fund, limits additional commitments to guarantee loans.

The appropriation language on page 9, in connection with nonprofit sponsor assistance, limiting direct loans, could be construed as changing the application of existing law.

The appropriation language on page 10, in connection with guarantees of mortgage-backed securities, limits additional commitments to issue guarantees.

The language on page 10, in connection with assistance for solar and conservation improvements, extends the availability of previously appropriated funds and provides that all recaptured funds shall be reallocated.

The provision on pages 10 and 11, in connection with community development grants, limiting expenses for planning and management development and administrative activities, could be construed as changing the application of existing law.

The language on page 11, in connection with community development grants, limiting commitments to guarantee loans, could be construed as changing the application of existing law.

The language on page 11, with respect to community development grants, provides an additional definition of metropolitan cities, and could be construed as changing the application of existing law.

The appropriation language on page 12, in connection with the rehabilitation loan fund, provides that the revolving fund shall con-

sist of collections, unexpended balances of prior appropriations, and other amounts and could be construed as changing the application of existing law.

The language on page 13, with respect to model cities, changing certain repayment requirements, could be construed as changing the application of existing law.

The administrative provision on page 14, in connection with the Department of Housing and Urban Development, limiting the availability of funds, could be construed as changing the application of existing law.

The provisions on page 16, in connection with CPSC salaries and expenses, limiting the availability of funds, could be construed as changing the application of existing law.

The provision on pages 17 and 18, in connection with salaries and expenses of the Environmental Protection Agency, limits the use of funds for purposes of resource conservation and recovery panels.

The provision on page 18, in connection with abatement, control, and compliance, limits the availability of funds for purposes of the Resource Conservation and Recovery Act, as amended.

The provisions on page 19, in connection with hazardous substance response trust fund, limiting the availability of funds and administrative expenses, could be construed as changing the application of existing law.

The provisions on page 19, in connection with construction grants, limiting the availability of funds, may be construed as changing the application of existing law.

The provision on page 20, in connection with the Office of Science and Technology Policy, requires that the office reimburse other agencies for not less than one-half of the personnel compensation costs of individuals detailed to it.

The provisions on page 21, in connection with disaster relief, transferring funds and nullifying certain regulations, could be construed as changing the application of existing law.

The language on page 23, in connection with the National Flood Insurance Fund, limits certain fund expenses without prior notice to the Committees on Appropriations and could be construed as changing the application of existing law.

The language on pages 23, 24 and 25, in connection with the emergency food and shelter program, appropriates $70,000,000 and provides for its distribution.

The provisions on page 26, in connection with the Consumer Information Center, limit certain fund expenses and administrative expenses and could be construed as changing the application of existing law.

The provision on page 27, in connection with research and development, limiting the availability of funds, may be construed as changing the application of existing law.

The provisions on page 28, in connection with construction of facilities, limits the use of funds for lease or construction of facilities and could be construed as changing the application of existing law.

The language on page 30, in connection with the National Credit Union Administration, Central Liquidity Facility, limiting new

loans and administrative expenses, could be construed as changing the application of existing law.

The language on page 30, in connection with research and related activities, limits administrative expenses and contracts for various services.

The provisions on page 31, in connection with research and related activities, provide for the use of receipts from other research facilities and could require proportional reductions in legislative earmarkings.

The language on page 32, in connection with United States Antarctic program activities, provides that certain receipts may be credited to this appropriation.

The provision on page 32, in connection with science education activities, could require proportional reductions in legislative earmarkings.

The provision on page 34, in connection with the Selective Service System, permits the President to exempt the agency from apportionment restrictions of the Budget and Accounting Act of 1921.

The provision on page 33, in connection with the Selective Service System, nullifies certain regulations, and could be construed as changing the application of existing law.

The appropriation language for the Veterans Administration general operating expenses on pages 36 and 37 provides for reimbursement to the Department of Defense for the cost of overseas employee mail. This language has been carried previously, and permits free mailing privileges for VA personnel stationed in the Philippines.

The provision on page 37, in connection with general operating expenses, blocks the closure of the St. Paul Insurance Center in 1987.

The language on pages 37 and 38, in connection with construction, major projects, establishes time limitations concerning the obligation of major construction funds, limits the use of other funds and requires certification on project design.

The appropriation language for construction, minor projects, on page 39 provides that unobligated balances of previous appropriations may be used for any project with an estimated cost of less than $2,000,000.

The provision on page 39, in connection with construction, minor projects, makes available funds for damage caused by natural disasters.

The appropriation language on page 40, in connection with the direct loan revolving fund, limits loans and could, under certain circumstances, be construed as changing the application of existing law.

The language on page 41, in connection with the loan guaranty revolving fund, provides for the transfer of unobligated balances and does not require interest payments on transferred funds.

The provision on page 43, in connection with corporations, requires release in an appropriations Act of loans and mortgage purchase authority not otherwise required by law.

The appropriation language on page 44, in connection with the limitations on administrative expenses, Federal Home Loan Bank

Board, provides for the training of State savings and loan examiners.

Permanent Obligational Authority—Federal Funds and Trust Funds

Substantial sums of new budget (obligational) authority are made available by permanent legislation for the continuation of certain government activities that are not subject to the annual appropriation process. Details of these activities for the agencies covered in this bill are reflected in appropriate tables appearing at the end of this report. The most significant are the life insurance programs of the Veterans Administration. The budget estimates that such permanent authorities will aggregate $3,323,885,000 in fiscal year 1987.

Comparison With Budget Resolution

Section 308(a)(1)(A) of the Congressional Budget and Impoundment Control Act of 1974 (Public Law 93-344), as amended, requires that the report accompanying a bill providing new budget authority contain a statement detailing how the authority compares with the reports submitted under section 302 of the Act for the most recently agreed to concurrent resolution on the budget for the fiscal year. This information follows:

[In millions of dollars]

	Sec. 302(b)		This bill	
	Discretionary	Mandatory	Discretionary	Mandatory
Budget authority	$38,900	$15,111	$38,896	$15,110
Outlays	17,493	39,206	17,086	39,042
Direct loans	907	785	887	785
Primary guarantees	49,916		49,910	

The bill provides no new spending authority as detailed in section 401(c)(2) of the Congressional Budget and Impoundment Control Act of 1974 (Public Law 93-344), as amended, with the exception of the receipts forgone in the model cities program, described under the appropriate paragraph.

Five-year Projections of Outlays

In accordance with section 308(a)(1)(C) of the Congressional Budget Act of 1974 (Public Law 93-344), as amended, the following information was provided to the Committee by the Congressional Budget Office:

Budget authority	$54,006,168,700
Outlays:	
1987	30,687,578,700
1988	8,534,083,000
1989	2,883,109,000
1990	570,498,000
1991 and future years	7,472,519,000

Financial Assistance to State and Local Governments

In accordance with section 308(a)(1)(D) of Public Law 93-344, the new budget authority and outlays provided by the accompanying bill for financial assistance to State and local governments are as follows:

Budget authority	$15,777,850,000
Outlays	1,312,440,000

Balanced Budget and Emergency Deficit Control Act

During fiscal year 1987, for purposes of the Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99-177), the following information provides the definition of the term "program, project, and activity" for departments and agencies carried in the accompanying bill. The term "program, project, and activity" shall include the most specific level of budget items identified in the 1987 Department of Housing and Urban Development—Independent Agencies Appropriations Act, the accompanying House and Senate Committee reports, the conference report or the joint explanatory statement of the managers of the committee of conference.

In applying any sequestration reductions, departments and agencies shall apply the percentage reduction required for fiscal year 1987 pursuant to the provisions of Public Law 99-177 to each program, project, activity and subactivity contained in the budget justification documents submitted to the Committees on Appropriations of the House and Senate in support of the fiscal year 1987 budget estimates, as amended, for such departments and agencies as subsequently altered, modified or changed by Congressional action identified by the aforementioned Acts, resolutions and reports. Further, it is intended that in implementing the Presidential Order, (1) no program, project, or activity should be eliminated, (2) no re-ordering of funds or priorities occur, and (3) no unfunded program, project, or activity be initiated. However, for the purposes of program execution, it is not intended that normal reprogramming between programs, projects, and activities be precluded *after* reductions required under the Balanced Budget and Emergency Deficit Control Act are implemented.

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1986 AND THE BUDGET ESTIMATES FOR 1987

PERMANENT NEW BUDGET (OBLIGATIONAL) AUTHORITY—FEDERAL AND TRUST FUNDS

[Becomes available automatically under earlier, or "permanent" law without further, or annual, action by the Congress. Thus, these amounts are not included in the accompanying bill.]

Agency and item	New budget (obligational) authority, 1986	New budget (obligational) authority, 1987	Fiscal year 1987 compared with fiscal year 1986
PERMANENT NEW BUDGET (OBLIGATIONAL) AUTHORITY			
FEDERAL FUNDS			
Department of Housing and Urban Development:			
Housing payments (appropriation to liquidate contract authority)	(-12,511,619,000)	(-12,476,216,000)	(+35,403,000)
Federal Housing Administration fund (authority to borrow, indefinite)	48,693,000	51,946,000	+3,253,000
Interstate land sales (indefinite)	800,000	1,400,000	+600,000
Manufactured home inspection and monitoring (indefinite)	6,032,000	6,032,000	---
Low rent public housing loans and other expenses (authority to borrow, indefinite)	1,237,500,000	1,365,800,000	+128,300,000
Community development grants, FFB direct loans (authority to borrow, indefinite)	108,000,000	155,000,000	+47,000,000
Total, Department of Housing and Urban Development	1,401,025,000	1,580,178,000	+179,153,000
Federal Emergency Management Administration:			
National insurance development fund (authority to borrow)	12,892,000	14,492,000	+1,600,000
National flood insurance fund (authority to borrow)	79,249,000	5,447,000	-73,802,000
Total, Federal Funds	1,493,166,000	1,600,117,000	+106,951,000

TRUST FUNDS

Department of Housing and Urban Development: Gifts and bequests	5,000	5,000	---
American Battle Monuments Commission: Contributions (indefinite)	43,000	43,000	---
National Science Foundation: Donations (indefinite)	5,000,000	5,000,000	---
National Institute of Building Sciences trust fund (indefinite)	500,000	500,000	---
Department of the Treasury: Office of revenue sharing, state and local government fiscal assistance (indefinite)	4,185,000,000	---	-4,185,000,000
Veterans Administration: Post-Vietnam era veterans education account (indefinite)	441,600,000	293,500,000	-148,100,000
General post fund, national homes (indefinite)	13,500,000	14,500,000	+1,000,000
National service life insurance fund (indefinite)	1,360,800,000	1,392,900,000	+32,100,000
U.S. Government life insurance fund (indefinite)	19,220,000	17,320,000	-1,900,000
Total, Trust Funds	6,025,668,000	1,723,768,000	-4,301,900,000
Total Permanent Funds	7,518,834,000	3,323,885,000	-4,194,949,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1986 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1987

Agency and item	New budget (obligational) authority, fiscal year 1986	Budget estimates of new (obligational) authority, fiscal year 1987	New budget (obligational) authority recommended in bill	Bill compared with—	
				New budget (obligational) authority, fiscal year 1986	Budget estimates of new (obligational) authority, fiscal year 1987
TITLE I					
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
HOUSING PROGRAMS					
Annual contributions for assisted housing:					
(Increased limitation for annual contract authority)	(838,803,547)	---	(638,280,885)	(-200,522,662)	(+638,280,885)
Contract authority	9,537,086,647	---	8,095,000,000	-1,442,086,647	+8,095,000,000
Rescission of assisted housing deobligations (contract authority, indefinite)	-537,525,000	-264,362,000	-264,362,000	+273,163,000	---
(Rescission of assisted housing deobligations annual contract authority, indefinite)	(-23,490,000)	(-14,400,400)	(-14,400,400)	(+9,089,600)	---
Total, annual contributions for assisted housing:					
(Increased limitation for annual contract authority (net))	(815,313,547)	(-14,400,400)	(623,880,485)	(-191,433,062)	(+638,280,885)
Contract authority (net)	8,999,561,647	-264,362,000	7,830,638,000	-1,168,923,647	+8,095,000,000
Rent supplement (rescission of contract authority, indefinite)	-1,158,920,000	---	---	+1,158,920,000	---
(Limitation on annual contract authority, indefinite)	(-41,390,000)	(-2,900,000)	(-2,900,000)	(+38,490,000)	---
Rental housing assistance (rescission of contract authority, indefinite)	-339,584,000	-54,000,000	-54,000,000	+285,584,000	---
(Limitation on annual contract authority, indefinite)	(-12,128,000)	(-3,500,000)	(-3,500,000)	(+8,628,000)	---
Housing for the elderly or handicapped fund (authority to borrow, indefinite)	503,517,000	---	507,689,000	+4,172,000	+507,689,000
(Limitation on direct loans)	(603,899,000)	(30,262,000)	(592,661,000)	(-11,238,000)	(+562,399,000)
Congregate services	2,555,300	---	3,400,000	+844,700	+3,400,000

Payments for operation of low-income housing projects.	1,158,544,000	1,171,543,000	1,300,000,000	+141,456,000	+128,457,000
Housing counseling assistance	3,312,500	---	4,000,000	+687,500	+4,000,000
Federal Housing Administration Fund	239,762,000	272,955,000	272,955,000	+33,193,000	---
Portion applied to debt reduction	-165,375,000	-245,915,000	-245,915,000	-80,540,000	---
(Limitation on guaranteed loans)	(141,500,000,000)	(50,900,000,000)	(80,000,000,000)	(-61,500,000,000)	(+29,100,000,000)
Temporary mortgage assistance payments (limitation on direct loans)	(84,446,558)	(73,800,000)	(73,800,000)	(-10,646,558)	---
Total, Federal Housing Administration Fund	74,387,000	27,040,000	27,040,000	-47,347,000	---
Nonprofit sponsor assistance (limitation on direct loans)	(957,000)	---	(1,000,000)	(+43,000)	(+1,000,000)
Government National Mortgage Association					
Payment of Participation Sales Insufficiencies	---	1,079,000	1,079,000	+1,079,000	---
Guarantees of mortgage-backed securities (limitation on guaranteed loans)	(175,000,000,000)	(68,250,000,000)	(132,500,000,000)	(-42,500,000,000)	(+64,250,000,000)
Total, Housing Programs	9,243,373,447	881,300,000	9,619,846,000	+376,472,553	+8,738,546,000
COMMUNITY PLANNING AND DEVELOPMENT					
Community development grants	2,990,434,000	2,124,800,000	3,000,000,000	+9,566,000	+875,200,000
(Limitation on guaranteed loans)	(212,956,000)	---	(150,000,000)	(-62,956,000)	(+150,000,000)
Urban development action grants	315,810,000	---	275,000,000	-40,810,000	+275,000,000
Urban homesteading	11,358,000	12,000,000	12,000,000	+642,000	---
Total, Community Planning and Development	3,317,602,000	2,136,800,000	3,287,000,000	-30,602,000	+1,150,200,000
POLICY DEVELOPMENT AND RESEARCH					
Research and technology	16,173,000	18,900,000	16,173,000	---	-2,727,000
FAIR HOUSING AND EQUAL OPPORTUNITY					
Fair housing assistance	6,341,300	5,000,000	6,341,300	---	+1,341,300
Fair housing initiatives	---	(7,000,000)	DEFER	DEFER	DEFER
MANAGEMENT AND ADMINISTRATION					
Salaries and expenses	321,961,000	314,056,000	342,123,000	+20,162,000	+28,067,000
(By transfer, limitation on FHA corporate funds)	(261,959,000)	(259,783,000)	(306,962,000)	(+45,003,000)	(+47,179,000)

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1986 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1987—Continued

Agency and item	New budget (obligational) authority, fiscal year 1986	Budget estimates of new (obligational) authority, fiscal year 1987	New budget (obligational) authority recommended in bill	Bill compared with—	
				New budget (obligational) authority, fiscal year 1986	Budget estimates of new (obligational) authority, fiscal year 1987
Total, title I, Department of Housing and Urban Development:					
New budget (obligational) authority (net)	12,905,450,747	3,356,056,000	13,271,483,300	+366,032,553	+9,915,427,300
Appropriations	(3,907,331,100)	(3,920,333,000)	(5,233,071,300)	(+1,325,740,200)	(+1,312,738,300)
Portion applied to debt reduction	(-165,375,000)	(-245,915,000)	(-245,915,000)	(-80,540,000)	---
Contract authority	(9,537,086,647)	---	(8,095,000,000)	(-1,442,086,647)	(+8,095,000,000)
Rescission of contract authority, indefinite	(-877,109,000)	(-318,362,000)	(-318,362,000)	(+558,747,000)	---
Authority to borrow	(503,517,000)	---	(507,689,000)	(+4,172,000)	(+507,689,000)
(Increased limitation for annual contract authority (net))	(815,313,547)	(-14,400,400)	(623,880,485)	(-191,433,062)	(+638,280,885)
(Limitation on annual contract authority, indefinite)	(-53,518,000)	(-6,400,000)	(-6,400,000)	(+47,118,000)	---
(Limitation on direct loans)	(689,302,558)	(104,062,000)	(667,461,000)	(-21,841,558)	(+563,399,000)
(Limitation on corporate funds to be expended)	(261,959,000)	(259,783,000)	(306,962,000)	(+45,003,000)	(+47,179,000)
TITLE II					
INDEPENDENT AGENCIES					
AMERICAN BATTLE MONUMENTS COMMISSION					
Salaries and expenses	11,920,506	11,673,000	11,673,000	-247,506	---
CONSUMER PRODUCT SAFETY COMMISSION					
Salaries and expenses	34,452,000	33,000,000	34,452,000	---	+1,452,000

DEPARTMENT OF DEFENSE - CIVIL					
Cemeterial Expenses, Army					
Salaries and expenses	13,987,442	15,783,000	6,701,000	-7,286,442	-9,082,000
ENVIRONMENTAL PROTECTION AGENCY					
Salaries and expenses	654,756,000	687,947,000	696,047,000	+41,291,000	+8,100,000
Research and development	213,793,000	192,734,000	202,500,000	-11,293,000	+9,766,000
Abatement, control and compliance	552,763,000	490,785,000	532,550,000	-20,213,000	+41,765,000
Buildings and facilities	4,785,000	5,000,000	5,000,000	+215,000	---
Subtotal, operating programs	1,426,097,000	1,376,466,000	1,436,097,000	+10,000,000	+59,631,000
Payment to the hazardous substance response trust fund	---	(33,000,000)	DEFER	DEFER	DEFER
Hazardous substance response trust fund	861,300,000	1,050,000,000	861,300,000	---	-188,700,000
(Limitation on administrative expenses)	(90,000,000)	---	(135,000,000)	(+45,000,000)	(+135,000,000)
Construction grants	2,374,200,000	1,800,000,000	2,400,000,000	+25,800,000	+600,000,000
Total, Environmental Protection Agency	4,661,597,000	4,226,466,000	4,697,397,000	+35,800,000	+470,931,000
EXECUTIVE OFFICE OF THE PRESIDENT					
Council on Environmental Quality and Office of Environmental Quality	670,000	820,000	670,000	---	-150,000
Office of Science and Technology Policy	2,217,227	1,671,000	1,671,000	-546,227	---
Total, Executive Office of the President	2,887,227	2,491,000	2,341,000	-546,227	-150,000
FEDERAL EMERGENCY MANAGEMENT AGENCY					
Disaster relief	345,700,000	100,000,000	175,000,000	-170,700,000	+75,000,000
Salaries and expenses	109,440,000	118,507,000	118,507,000	+9,067,000	---
Emergency management planning and assistance	236,261,000	250,743,000	250,743,000	+14,482,000	---
National flood insurance fund	91,830,628	---	---	-91,830,628	---
Portion applied to debt reduction	-37,920,000	---	---	+37,920,000	---
National insurance development fund	9,570,000	---	---	-9,570,000	---
Emergency food and shelter program	70,000,000	---	70,000,000	---	+70,000,000
Total, Federal Emergency Management Agency	824,881,628	469,250,000	614,250,000	-210,631,628	+145,000,000
GENERAL SERVICES ADMINISTRATION					
Consumer Information Center	1,182,261	1,272,000	1,272,000	+89,739	---
(Limitation on administrative expenses)	(1,543,000)	(1,654,000)	(1,664,000)	(+121,000)	(+10,000)

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1986 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1987—Continued

Agency and item	New budget (obligational) authority, fiscal year 1986	Budget estimates of new (obligational) authority, fiscal year 1987	New budget (obligational) authority recommended in bill	Bill compared with—	
				New budget (obligational) authority, fiscal year 1986	Budget estimates of new (obligational) authority, fiscal year 1987
DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Office of Consumer Affairs	1,903,000	400,000	1,000,000	-903,000	+600,000
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION					
Research and development	2,638,257,000	3,003,100,000	3,020,700,000	+382,443,000	+17,600,000
Space flight, control and data communications	3,689,239,000	3,069,000,000	3,038,000,000	-651,239,000	-31,000,000
Construction of facilities	133,310,000	181,300,000	166,300,000	+32,990,000	-15,000,000
Research and program management	1,303,434,000	1,441,000,000	1,425,000,000	+121,566,000	-16,000,000
Total, National Aeronautics and Space Administration	7,764,240,000	7,694,400,000	7,650,000,000	-114,240,000	-44,400,000
NATIONAL CREDIT UNION ADMINISTRATION					
Central liquidity facility:					
(Limitation on direct loans)	(593,400,000)	(600,000,000)	(600,000,000)	(+6,600,000)	---
(Limitation on administrative expenses, corporate funds)	(804,650)	(850,000)	(850,000)	(+45,350)	---
(Limitation on administrative expenses, insurance program - operating fund)	---	(10,352,000)	---	---	(-10,352,000)
NATIONAL SCIENCE FOUNDATION					
Research and related activities	1,294,060,000	1,479,000,000	1,333,300,000	+39,240,000	-145,700,000
Program development and management (limitation on administrative expenses)	(72,500,000)	(78,000,000)	(75,000,000)	(+2,500,000)	(-3,000,000)
United States Antarctic Program activities	110,151,000	117,000,000	117,000,000	+6,849,000	---
Science education activities	53,161,000	89,000,000	99,000,000	+45,839,000	+10,000,000

Scientific activities overseas (special foreign currency program)	957,000	700,000	700,000	-257,000	---
Total, National Science Foundation	1,458,329,000	1,685,700,000	1,550,000,000	+91,671,000	-135,700,000
NEIGHBORHOOD REINVESTMENT CORPORATION					
Payment to the Neighborhood Reinvestment Corporation	17,669,000	15,285,000	18,669,000	+1,000,000	+3,384,000
SELECTIVE SERVICE SYSTEM					
Salaries and expenses	26,128,420	27,474,000	26,128,400	-20	-1,345,600
DEPARTMENT OF THE TREASURY					
Payments to Local Government Fiscal Assistance Trust Fund	4,185,000,000	---	---	-4,185,000,000	---
Office of Revenue Sharing, salaries and expenses	7,382,200	5,560,000	5,560,000	-1,822,200	---
Total, Department of the Treasury	4,192,382,200	5,560,000	5,560,000	-4,186,822,200	---
VETERANS ADMINISTRATION					
Compensation and pensions	14,426,999,000	14,364,400,000	14,364,400,000	-62,599,000	---
Readjustment benefits	877,569,000	741,150,000	741,150,000	-136,419,000	---
Veterans insurance and indemnities	9,745,000	4,770,000	4,770,000	-4,975,000	---
Medical care	9,138,137,000	9,085,543,000	9,488,612,000	+350,475,000	+403,069,000
Medical and prosthetic research	181,126,930	188,915,000	193,915,000	+12,788,070	+5,000,000
Medical administration and miscellaneous operating expenses	51,221,691	42,694,000	41,694,000	-9,527,691	-1,000,000
General operating expenses	704,835,340	763,531,000	763,531,000	+58,695,660	---
(By transfer)	(8,000,000)	---	---	(-8,000,000)	---
Construction, major projects	485,544,000	301,208,000	382,708,000	-102,836,000	+81,500,000
Construction, minor projects	131,061,092	106,962,000	65,562,000	-65,499,092	-41,400,000
(Limitation on administrative expenses)	(34,369,274)	(38,885,000)	(37,885,000)	(+3,515,726)	(-1,000,000)
Parking garage revolving fund	---	---	26,000,000	+26,000,000	+26,000,000
Grants for construction of State extended care facilities	20,822,000	42,400,000	42,400,000	+21,578,000	---
Grants for construction of State veterans cemeteries	2,839,000	---	---	-2,839,000	---
Grants to the Republic of the Philippines	473,500	500,000	500,000	+26,500	---
Direct loan revolving fund (limitation on direct loans)	(946,000)	---	(1,000,000)	(+54,000)	(+1,000,000)
Loan guaranty revolving fund	200,000,000	---	---	-200,000,000	---
Total, Veterans Administration	26,230,373,553	25,642,073,000	26,115,242,000	-115,131,553	+473,169,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1986 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1987—Continued

Agency and item	New budget (obligational) authority, fiscal year 1986	Budget estimates of new (obligational) authority, fiscal year 1987	New budget (obligational) authority recommended in bill	Bill compared with—	
				New budget (obligational) authority, fiscal year 1986	Budget estimates of new (obligational) authority, fiscal year 1987
Total, title II, Independent Agencies:					
New budget (obligational) authority	45,241,933,237	39,830,827,000	40,734,685,400	-4,507,247,837	+903,858,400
Appropriations	(45,279,853,237)	(39,830,827,000)	(40,734,685,400)	(-4,545,167,837)	(+903,858,400)
Portion applied to debt reduction	(-37,920,000)				
(By transfer)	(8,000,000)	---	---	(+37,920,000)	---
(Limitation on administrative expenses)	(198,412,274)	(128,891,000)	(249,549,000)	(+51,136,726)	(+120,658,000)
(Limitation on direct loans)	(594,346,000)	(600,000,000)	(601,000,000)	(+6,654,000)	(+1,000,000)
(Limitation on corporate funds to be expended)	(804,650)	(850,000)	(850,000)	(+45,350)	---
TITLE III					
CORPORATIONS					
Federal Home Loan Bank Board:					
(Limitation on administrative expenses, corporate funds)	(29,150,000)	(32,193,000)	(27,693,000)	(-1,457,000)	(-4,500,000)
Federal Savings and Loan Insurance Corporation, (limitation on administrative expenses, corporate funds)	(1,378,000)	(1,466,000)	(1,466,000)	(+88,000)	---
Total, title III, Corporations	(30,528,000)	(33,659,000)	(29,159,000)	(-1,369,000)	(-4,500,000)

RECAPITULATION

Grand total:					
New budget (obligational) authority (net)	58,147,383,984	43,186,883,000	54,006,168,700	-4,141,215,284	+10,819,285,700
Appropriations	(49,187,184,337)	(43,751,160,000)	(45,967,756,700)	(-3,219,427,637)	(+2,216,596,700)
Portion applied to debt reduction	(-203,295,000)	(-245,915,000)	(-245,915,000)	(-42,620,000)	---
Contract authority	(9,537,086,647)	---	(8,095,000,000)	(-1,442,086,647)	(+8,095,000,000)
Rescission of contract authority, indefinite	(-877,109,000)	(-318,362,000)	(-318,362,000)	(+558,747,000)	---
Authority to borrow	(503,517,000)	---	(507,689,000)	(+4,172,000)	(+507,689,000)
(By transfer)	(8,000,000)	---	---	(-8,000,000)	---
(Increased limitation for annual contract authority (net))	(815,313,547)	(-14,400,400)	(623,880,485)	(-191,433,062)	(+638,280,885)
(Limitation on administrative expenses)	(198,412,274)	(128,891,000)	(249,549,000)	(+51,136,726)	(+120,658,000)
(Limitation on annual contract authority, indefinite)	(-53,518,000)	(-6,400,000)	(-6,400,000)	(+47,118,000)	---
(Limitation on direct loans)	(1,283,648,558)	(704,062,000)	(1,268,461,000)	(-15,187,558)	(+564,399,000)
(Limitation on guaranteed loans)	(316,712,956,000)	(119,150,000,000)	(212,650,000,000)	(-104,062,956,000)	(+93,500,000,000)
(Limitation on corporate funds to be expended)	(293,291,650)	(294,292,000)	(336,971,000)	(+43,679,350)	(+42,679,000)